

A Marketing Analysis of Železiarne Podbrezová a.s.

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ABSTRAKT

Tato bakalářská práce se zabývá marketingovou analýzou podniku. Teoretická část se zabývá teorií marketingu, část analytická převádí tuto teorii do praxe. Analýza byla zpracována díky dopředu vybraným marketingovým analýzám jako jsou PESTLE a SWOT analýza, Porterův model 5 konkurenčních sil a následně převedené do analýza marketingového mixu železáren. Tyto analýzy odhalily výhody stejně tak jako i nedostatky dané firmy. Kromě snažení firmy neustále generovat zisk, by také měly být brány v úvahu dopady produkce na život a snaha o zvýšení atraktivity podniku mezi mládežou. Mezi nedostatky, na které tato práce upozorňuje, patří nedostatečná propagace environmentální politiky dané firmy, její propagace a také nedostatečná motivace maturantu začít po skončení školy pracovat pro tuto firmu.

Klíčová slova: Marketingové analýzy, životní prostředí, environmentální politika, atraktivita odvetví

ABSTRACT

This thesis deals with marketing analysis of a chosen company. The marketing analysis of Železiarne Podbrezová a.s. was done by analyzing the external and internal environment of the company. The theoretical part deals with marketing theory, and the analytical part puts that theory into practice. PESTLE, SWOT and Porter's five forces analyses outline advantages and disadvantages of marketing activities of the company and after that marketing mix of the company is analyzed. Apart from concentrating on making a profit, a company should keep in mind the impact its production processes have on the environment. One of the shortcomings which this thesis is dealing with is the insufficient promotion of the environmental policy of the company as well as the low number of young people employed in the industry due to its unattractiveness.

Keywords: Marketing analyses, the environment, environmental policy, the industry attractiveness

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Lastly, I would like to verbalize how appreciative I am towards the company for allowing me to analyze it. I particularly thank Ing. Marcel Adamčák for his cooperativeness and the data he has provided to me.

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

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INTRODUCTION

This thesis aims to analyze the overall marketing performance of Železiarne Podbrezová a.s., to find its shortcomings and suggest a future improvement. Each company that makes a product has to make sure that its production processes are not harmful to the environment. Thus a company, if possible, should instead recycle than to use non-renewable resources as an input into the production process.

The first part, which is the theoretical part, of this thesis is concerned with marketing theory. Using PESTEL, Porter's five forces and SWOT analyses helps to analyze the company's marketing activities. Afterward, the marketing mix of the company was looked into as well. The analytical part which is the second one then applies this theory on the specific company, Železiarne Podbrezová, a.s., in particular.

As the production itself is concerned, using scrap steel instead of iron ore as a primary ingredient into the production process is not only beneficial for the environment but society at large. The company minds the environment, recycles and therefore saves a lot of energy. Another positive thing which company does is investing money in the reparation. The reparation and modernization are fundamental in this type of industry where technological development is currently on the table.

One of the company's objectives is to educate employees and the general public about clean environment sustainability as well as to attract more graduates to work in the industry.

The primary purpose of conducting marketing activities by the company is to generate profit. Doing these activities in an environment-friendly way will furthermore strengthen the loyalty of current customers as well as it helps to attract new employees, mainly among youth. Young people might prove as useful and proper propagation tool as the environmental issue is more and more debated on social networks.

The features of the societal marketing concept are visible in the company's actions, but the promotion of these good deeds is still not sufficient enough. One of the ways how to accomplish that is described in the last part of this thesis which is dealing with suggestions for future improvement.

AIMS AND METHODS

The main aim of this thesis is to scrutinize the marketing activities of Železiarne Podbrezová, a.s., and point out opportunities for future improvement. In this case, conduct a marketing literature research is needed.

The practical part of the thesis comes right after the theoretical one and follows the same pattern. I have chosen the following marketing analysis tools to evaluate the company's ups and downs as follow:

- PESTLE analysis,
- Porter's five forces and
- SWOT analysis.

Marketing mix of the company was being analyzed, too.

After analyzing the company and with the help of the data obtained from sources such as books, articles, web pages, videos, annual reports, personal communication, lectures or powerpoint presentations, the opportunities for future growth and enhancement were recommended.

The data about Železiarne Podbrezová, a.s., was received with approval by the Educational Department of the company.

The contract about keeping the trade secret, know-how or conditions under which disclosure is allowed was signed by ŽP a.s., Thomas Bata University in Zlín and Emília Fedorová - the author of this thesis. I was under the supervision of Ing. Marcel Adamčák (ŽP a.s.) and Mgr. Ing. Barbora Haltofová (TBU) throughout the whole writing process of this thesis.

I. THEORY

1 MARKETING

The term marketing is defined in different ways in various marketing books. Drucker (2006) in his book *The practice of management* wrote that business is functioning correctly only when it is continually trying to adjust its activities to meet the current demand of the customer. Therefore, every organization has to perform marketing activities. According to Kotler et al. (2005, 6) marketing is "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others." Another definition of marketing was summarized in Silk's (2006) book *What is Marketing*, as a process which aim is to generate a value for the final customer. Not only that but he also states that business needs to keep in mind not only how to sell a product with the highest possible profit, but also an actual value it delivers to the customer.

American Marketing Association (2013) agrees with the idea that marketing is a process which creates value for the customer, but moreover adds that marketing is also "an activity, set of institutions for creating, delivering and exchanging offerings which have the value also for clients, partners, and society at large."

People always want something more and something new. Their wants are unlimited which is not true about the company's resources. Thus, marketers have to implement marketing techniques and strategies which will deliver the best possible customer satisfaction with the lowest possible amount of resources. These resources are compared to the wants of the customer, which are unlimited. Following scheme is demonstrating the cycle which starts at the side of the customer who is a driving force behind the process and who pressures businesses to improve their products and deliver satisfaction through an exchange. The cycle repeats.

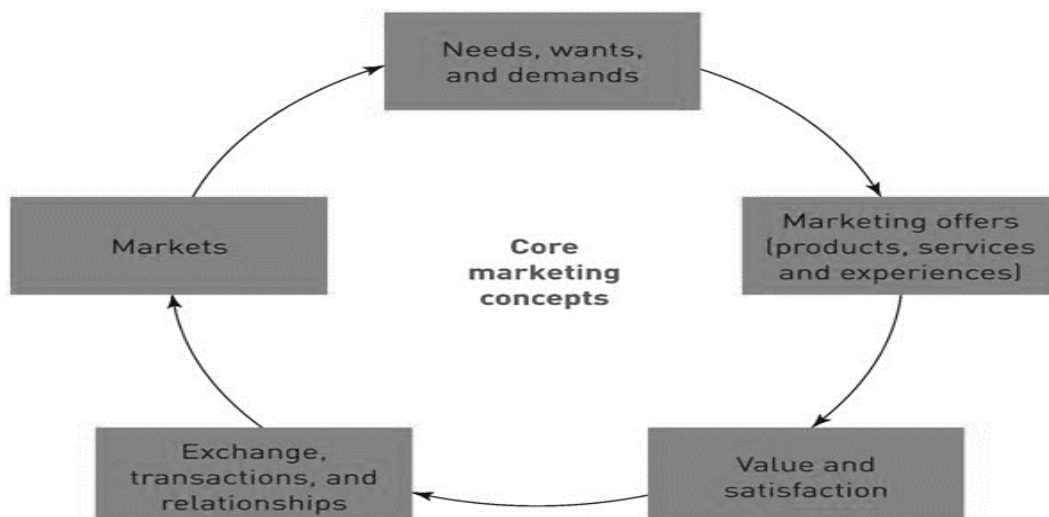


Figure 1 Philip, Kotler et al., 2005. *Principles of Marketing*. New York:

1.1 Marketing management philosophies

As the approach towards marketing has been changing throughout history, companies were conducting its activities in different ways (Lamb et al. 2008). Kotler et al., (2005, 14) is referring to these activities as "concepts" while Lamb et al., (2008, 4) address it as "an orientation." The latter also enlarge marketing management philosophies with sixth orientation – "relationship marketing orientation."

Hootley and Lynch (1985) compared if companies performing higher-marketing related activities are more successful than companies performing low-marketing related activities. The result was that companies which carry out its activities based on marketing concept are growing, actively planning, they cooperate tightly with company's departments and spend more money on the analysis of its environment, customers, competition, and more (Hootley and Lynch, 1985).

Kotler et al., (2005) believes that every firm has its marketing management philosophy through which it conducts its marketing activities and appeals to customers. Therefore, five marketing management concepts are later in this chapter described (Kotler et al., 2005).

1.1.1 The production concept

The idea of production concept is dating back to the 18th century when the Industrial Revolution had begun. Goods were massively produced, and all the company's attention was shifted to production capacity, forgetting about consumers' needs and wants. When the company has absolute advantage, therefore being the best at producing specific goods and at the same time having customers who are willing to buy this product then it is a win-win situation, and this concept may result in being beneficial for the company (Lamb et al., 2008). The right time to implement the production concept is in the situation when there is an excess demand and production expenses are not too high (Kotler et al., 2005).

1.1.2 The product concept

This approach is all about the improving quality and features of the product. According to Lamb et al., (2008) promotion of the superior product with no research does not bring more customers with it, on the other hand, complete ignorance of customers and competitors usually brings failure.

Kotler et al. add (2005, 15) "marketing myopia" is easy to be found in this concept. Levitt (1960) describes the term marketing myopia as excessive concentration only on the product. However if a company implement the product concept, it has to make sure to alter

the product based on customers' wants and needs not only the company's preference (Business Dictionary, n.d.).

1.1.3 The selling concept

This concept was adopted by the companies when their production escalated to the heights where the supply beats the demand. Because large amounts of goods have been stored in a warehouse, the salespeople had to push harder towards selling. "Hard sell" techniques were applied and once again wants, and needs of the customers were overlooked. Many companies, in the end, admitted that pushing aggressively towards selling does not change the consumer opinion about the product if he is not interested in it (Lamb et al., 2008, 5).

According to the Kotler et al.,(2005) selling concept is based on the thought that customer is not buying the products because it lacks promotion. Therefore if the customer had been informed and the product had been promoted enough, the chances of selling would have increased.

1.1.4 The marketing concept

After marketing concepts which did not include customers' needs and wants comes the first approach which is concentrating primarily on the customers' satisfaction (Stone and Desmod, 2007). However, an organization cannot possibly fulfill all of them (Dalgic et al., 2013).

Kotler et al. (2005, 16) explain the differences between selling and marketing concept. According to their words the selling concept "takes an INSIDE - OUT perspective" with short-term selling ambitions, whereas marketing concept "takes an OUTSIDE - IN perspective" with emphasizing building a long-term customer relationship. The problem Kotler et al. (2005, 17) see in the companies is that even though "they have the forms of marketing this does not mean that they are market-focused and customer-driven."

Selling concept (INSIDE-OUT)

Factory	Existing products	Selling and promoting	Profits through sales volume
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Marketing concept (OUTSIDE-IN)

Market	Customer needs	Integrated marketing	Profits through the customer satisfaction
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1.1.5 The societal marketing concept

A company as a legal entity is responsible for the environment and society at large. It has to conduct such activities which will not influence its citizens negatively. Nowadays, the sustainability of a clean environment is widely discussed, and its importance is globally stressed. Production processes and packaging can help to reach this goal (Lamb et al., 2008). Societal marketing concept enlarges marketing concept with the need to take care of our planet and the environment we live in. Using innovative and environment-friendly technologies to "determine needs, wants and interests of target markets and deliver the desired satisfaction more effectively and efficiently than competitors" (Kotler et al., 2005, 20).

Marketing theory summary

Throughout history, marketers were changing their approach towards marketing activities conducted by the company based on current market and customer's demand. Because of that, different marketing concepts were created. Nowadays, marketing concept and societal marketing concepts are widely used since companies are paying closer attention to the real needs of the customer not only to the needs of the company.

2 MARKETING ANALYSIS

Marketing does not happen by itself, but it is a somewhat coordinated set of activities performed by a particular company to fulfill its vision by analyzing current market conditions, competition, advantages, and disadvantages. Marketers have to use a different set of tools which will help to analyze and develop a specific strategy for the company to follow (Lamb et al., 2008).

With an incentive to find out current inner and outer factors which could influence company's performance on the market, the PESTLE was chosen to describe factors influencing company from outside and SWOT analysis to define current and future strengths and weaknesses as well as opportunities and threats. Another marketing tool which will help to find shortcomings is Porter's five forces analysis used to determine company's competitive position on the market. Afterward, the company can generate marketing mix scheme according to these findings.

2.1 Macro environment (PESTEL)

The market position of the company is changing throughout its life. Therefore, managers and marketers have to alter their marketing strategies. Internal factors are ones which company can change themselves while external factors are influenced by other aspects and cannot be changed entirely by the company. However, by constant monitoring of the market situation, the company can avoid potential threats.

One of the ways how to analyze a company's environment is to use PESTLE analysis. The first person who had introduced this framework which provides a specific guide to managers is Francis J. Aguilar (1967). Since then, PESTLE framework underwent many changes. In Aguilar's book *Scanning the Business Environment*, it was called PEST analysis because of the factors which were included (political, economic, social, technological). Del Marmol and Feys (2016) enlarged the core with two more factors. These are political, economic, social, technological, legislative and ecological factors.

As John V. Richardson Jr. (2017) points out in his article, enlarging this acronym of letter L as legal factors may seem unnecessary and repetitious at first because of the similarity to the political factors, but in some cases turns out to be essential.

Political, economic, social, technological, legal and environmental factors of PESTLE analysis will be examined in this chapter theoretically and later implemented into practice.

2.1.1 Political factors

The first one of the factors influencing the company from its outside is a political factor. As its name, "political" implies it is connected with the government and its policy. Fiscal policy and monetary policy are a part of it. Some of the decisions made by the highest authorities of a country influence the way the company thinks or at least should think. European Commission and the World Trade Organization (WTO) are one of the highest bodies responsible for ensuring fair trade (Del Marmol and Feys, 2016).

2.1.2 Economic factors

The economics is divided into two branches: macroeconomics and microeconomics. Glen in his article called Macroeconomics vs. microeconomics (2013) states that among macroeconomic factors are Gross Domestic Product (GDP), growth rate, and unemployment rate. Perera (2017) in his book *The PESTLE analysis* consider more factors as being influencing company's performance from outside. Those are "age-related factors, age structure, income levels, poverty considerations, income, employment and unemployment rates, tax rates, gender distributions, inflation rates, exchange rates, population growth, literacy rates, educational levels, customer attitudes, perceptions and purchase behavior, etc." All of the factors as mentioned above influence the overall economic health of the country and companies generating their profit.

2.1.3 Social factors

Understand the demographics, age distribution traditions, and customs, therefore getting to know your customer's needs and preferences is important to consider in every type of activity a company performs (Del Marmol and Feys, 2016). Especially, a company which has activities around the globe and offers a broad product portfolio. Globalization may suggest a uniformity of the world customers remain sensitive to their buying habits. Not only demographics and geographical region but also culture and customs shape their everyday buying habits (Verdin and Van Heck 2001).

2.1.4 Technological factors

With globalization and Internet invention, many businesses went online. They had their web pages designed in the best possible way to attract and poach customers of its competitors (Verdin and Van Heck, 2001).

As more and more companies implement automation into the product making processes, they can cut expenses and deliver products and services faster. Thus customers

got more satisfied. Being able to pay online via the internet, do the orders and have everything photographed and ready to be viewed anytime and anywhere, shape the company's technological progress (Del Marmol and Feys, 2016).

2.1.5 Environmental factors

Most of the companies offer tangible products; therefore during the processes of making the final item, lots of waste is generated. Therefore companies have to find ways how to produce efficiently and effectively at the same time. Keohane and Olmstead (2007) deal with the issue of costs and benefits in the context of pollutants reduction. They add that the same principle, in the economy known as "the opportunity cost" can be implemented in pollution reduction as well. Getting rid of substances which pollute not only the air but also the soil, calls for an input of a certain amount of money, and material (Keohane and Olmstead, 2007). Thus, the company has to decide whether to use the money for production and further generate profit or it would rather preserve the clean environment.

2.1.6 Legal factors

Every country has its laws according to which the legal system works. Being familiar with the law differences is very crucial for the company. Del Marmol and Feys (2016) noted that the laws of each country allow or prohibit certain activities carried out by a business. These laws may vary based on the country. The company has to follow specific laws ascribed to its state or country of the where the company performs its activities or has an established seat.

European company law, meaning corporate law for countries in the EU outlines certain conditions to follow and requirements to meet. Even though it is not 100% harmonized throughout the EU, some of its directives are obligatory for each country to follow (Marieke Wyckaert, personal communication, 2017).

2.2 SWOT Analysis

SWOT is a very famous acronym widely used by the marketing department. By using this easy and useful tool, most likely it will deliver the right answers to the question of which strategy to choose. As Speth (2016) claims in his book *SWOT Analysis*, it was for the first time introduced by the four Harvard professors. Namely, Edmund Philip Learned, Roland Chris Christensen, Kenneth Richmond Andrews, and William D. Guth. This strategic tool includes changes which are happening not only inside of the company but also outside. Undoubtedly, it has helped many companies when deciding which way to go. Although many companies find it helpful, there are some, which developed its framework and tools to seize the opportunity that market offers (Speth, 2016).

SWOT analysis (Figure 2, p. 19) is not only used in training courses, business proposals or marketing department for purposes of developing a new strategy of a particular company but also in case of a bank loan. The bank can be interested in the strengths, weaknesses, opportunities, and threats affecting the company to make sure its investment will be safe (Sarsby, 2016).

If the research is adequate and using reliable data, only then the SWOT analysis is valid, and so is the strategy (Freedman, 2013).

Sarsby (2016) wrote that despite all its advantages such as that it is easy to understand, highly visual and in-depth analysis, SWOT has its disadvantages, for example, a threat of being biased when the person analyzes from inside of the company.



Figure 2 McPeak, Isaiah. 2015. "How to Improve: SWOT your Ballots."

Accessed March 21, 2015. <http://www.ethosdebate.com/how-to-improve-swot-your-ballots/>.

Alan Sarsby (2016) in his book SWOT Analysis, provides following division:

- Internal factors - ones which company CAN influence,
- External factors - almost no influence from the company's point of view,
- Helpful factors - helps the company to reap all the benefits,
- Harmful factors - obstacles which do not allow the company to succeed.

2.2.1 Strengths

When describing the strengths of the company the main focus is placed on the core activities a specific business performs and how those activities distinguish the company from the competitors in potential customer eyes. The norm should not be interchanged with the strengths (Freedman, 2013).

According to Sarsby (2016, 9) company's strengths might stem from its "financial strengths, technological advantages, customer service and its people (employees)."

2.2.2 Weaknesses

Weaknesses can be classified as an opposite to the strengths. They are connected to the internal functioning of an organization but having a negative impact on the firm's future development. Speth (2016) argues that except the negative impact, a company which knows what the negative thing that weakens its performance can improve easier is.

A great thing to do is not only know where the weak spot is but also to admit it. Not holding the information back instead act upon it can be very beneficial for the company (Freedman, 2013).

Sarsby (2016, 9) includes "financial weaknesses, old or inflexible technology or processes, customer service weakness, poor customer communications, and skills shortage" among weaknesses.

2.2.3 Opportunities

Opportunities stem from the external environment, not likely controllable from the inside of the company. They enhance competitiveness and become the driving force towards a better market position (Speth, 2016).

According to the Sarsby (2016, 9) opportunities stem from "competitors withdrawing from, or entering the market, new social trends, technological innovations, restrictive legislation which is viewed as an opportunity if it is a threat to your competition."

2.2.4 Threats

The most important thing for the company is to be always prepared for threats. When detected early, they can be transformed into strengths (Speth, 2016).

Sarsby (2016, 10) in his book SWOT Analysis identifies threats as "tangible and intangible." A hostile takeover bid, new competitors or theft are tangible. Intangible may be present in the form of the potential loss of reputation or brand-damaging factors."

3 COMPETITIVENESS ANALYSIS

A competitive strategy according to Porter's words (1980) is the key to the company's understanding of its competitive advantages and disadvantages. A company can reap all the benefits current market offers and thus prevent itself from being influenced by competitive forces. Porter (1980) defines the industry as "the group of firms producing products that are close substitutes to each other." It is essential to understand the competition in the industry. He adds that "customers, suppliers, substitutes and potential entrants are all competitors to the firm" (Porter, 1980). The ability to discover something in what one is better than the competition creates "the extra kick that separates ordinary excellence from the extraordinary" (Rumelt, 2011).

Lafley and Roger (2013) wrote that "winning should be at the heart of any strategy." They recommend making "explicit choices" and "focus on what really matters." Kourdi (2003) explains that solutions to problems should not exceed the company's resources; otherwise, it will be most likely unsuccessful.

3.1 Potential of new entrants into the industry

When entering an industry, one has first to analyze the barriers and defensive measure from the competitor's side which comes with it. Porter (1980) mentions six of them. "Economies of Scale, Product differentiation, Capital requirements, Switching costs, Access to distribution channels and Government policy." These barriers may vary in different types of industry. However, Fleisher and Bensoussan (2007) argue that these are not so hard to obtain nowadays and that newcomers can already adapt to the first-movers advantages easier than before.

3.2 Rivalry among competitors

If firms in a certain industry are "mutually dependent" states Porter (1980), then the fear of being outperformed by another firm is justified. Every firm uses certain tactics to beat the competition. It changes the price, builds a better relationship with customers, so they remain loyal to the brand.

Porter (1980) describes that slow industry growth, high fixed or storage costs, lack of differentiation, diverse competitors and others can cause the pressure and necessity to compete. Therefore, marketers should not be looking for the competitive advantage which will last forever, rather look for the ways how to destroy the competition over and over

again. According to Fleisher and Bensoussan (2007), there is no such thing as an everlasting competitive advantage.

3.3 Substitute products

According to Porter (1980), “substitutes limit the potential return of an industry by placing a ceiling on the prices firms in the industry can profitably charge.” It means that substitute product which is the product that has the same function and delivers the same kind of satisfaction to the customers not only threaten a firm as an individual subject on the market but also the overall performance of an industry. A substitute product does not mean the same kind of product as is offered by the company, but it instead means that it can deliver the same kind of value or satisfaction to the final consumer under certain conditions (Harris, 0:50).

3.4 The power of buyers

Buyers influence industry in many ways. They claim lower prices, enhanced quality, better services, and others. Defined by Porter (1980), buyers have bargaining power for example if they purchase large volumes, if the product of the company is standard or undifferentiated or if the buyer has full information about current market conditions. (Porter, 1980).

Fleisher and Bensoussan (2007) explain that customers nowadays have more information about the product and features connected with it. Thus, they will first research the prices and total utility delivered to them before they make a purchase. They moreover add that if the customer is unsatisfied, it can be harmful to the brand as in today’s world of internet and social media bad experience spreads quickly. (Fleisher and Bensoussan, 2007).

3.5 The power of suppliers

If suppliers threaten to increase prices or the quality of supplied goods and buyers are not able to include these costs into the final price for the customers, suppliers can influence the overall profitability of an industry (Porter, 1980). This scenario according to Porter (1980) occurs when suppliers consist of fewer companies than the industry. The more suppliers the company has, the better. Because of that, the supplier’s bargaining power over price is not so dominant (Fleisher and Bensoussan, 2007).

4 MARKETING MIX

Initially, the marketing mix was comprised of twelve elements. This model was first introduced by theorist Neil H. Borden and later remade by Jerome McCarthy. McCarthy's model consists of 4P's, namely product, price, place, and promotion (Kubicki and Milano, 2016). Kotler et al. (2005) believe that the marketing mix is used to increase the demand for a product. Doyle (2003, 287) on the other hand wrote that some authors state that the objective is to create a marketing mix which provides "customer satisfaction at a profit to the company." He argues that "the right marketing mix is the one that maximizes shareholder value."

Nowadays, many companies perform target marketing. They develop for each segment (a group of buyers) its marketing mix (Kotler et al., 2005). The marketing mix includes product, price, place, and promotion.

4.1 Product

Kotler et al. (2005, 539) define a product as "anything that is offered to a market for attention, acquisition, use or consumption and that might satisfy a want or need." According to the Silk (2006), it is everything that specific product brings to the customer, not only tangible things but satisfaction and overall use as well. Therefore, the total utility received by the customer.

There are three stages of product which deliver different satisfaction to the customer; these are according to Kotler et al. (2005) as follow:

- Core product – core problem – solving benefits,
- Actual product – features, styling, design, quality level, brand name, and packaging,
- Augmented product – actual product + other benefits that come with it.

4.2 Price

The second part of the marketing mix is the price. There is no doubt that price is an essential part of the marketing mix, mainly because only this element generates revenue (Diamantopoulos, 2003). Among internal factors which affect price are marketing objectives, marketing-mix strategy, cost and organization for pricing. External includes nature of the market and demand, competitors' prices and offers, reseller needs, economy, and government actions, as Kotler et al., (2005) states.

The consumer looks at the total utility of a product or service which is a total sum of satisfaction obtained by the customer from the item itself (Business dictionary). Thus if the price is higher than total utility, the customer most likely will not purchase the same product again (Kotler et al., 2005).

4.3 Place

Place in the marketing mix includes distribution channels, distribution networks, assortment, locations, availability, transport and logistics (Kubicki and Milano, 2016). When a company produces products, they have to be somehow delivered. Therefore it is crucial not to only keep in mind building a good relationship with customers but also with suppliers and resellers in the way which helps the company grow. Kotler et al., (2005) explain that specific channels bring different benefits and focus on the different target customer.

Many producers use marketing which is channel oriented. Channel intermediaries are selling product through interdependent companies which bring the product closer to the customer (Kotler et al., 2005).

4.4 Promotion

Personal selling and direct marketing use sales force to create a better and closer relationship with customers and generate profit. Salesforce performs activities such as communicating, prospecting, selling, providing service and collecting information. Once the company decides to hire salespeople, it must determine what type of sales force structure it covers, how large should the sales force be, who is going to be engaged in selling and others (Kotler et al., 2005).

Promotion mix consists of advertising media, publicity, direct marketing, sponsorship, exhibitions, packaging, POS merchandising, sales promotion and personal selling (Crosier, 2003). Kotler et al., (2005) further describe direct marketing forms. Between those are personal selling, telephone marketing, direct mail, catalog, direct-response television, and online marketing.

Theoretical part summary

Due to loads of substitutes offered by various companies, marketers need to come up with even more specialized concepts of their marketing activities almost daily as they want to retain as many loyal customers as possible.

When trying to overtake the competition, closer attention should be paid to global changes in society. Either it is geographical, political, environmental, technological, societal or legal changes. Those changes are afterward analyzed and the most suitable concepts implemented in order to seize all of the opportunities current market condition offer while trying to evade the most unwanted ones at the same time.

As marketing is a broad term, it engages each department of the company in its activities to score the highest number, since the company's primary aim is to make a profit. If the correct strategy is applied, then the best outcomes should be expected shortly. By keeping an eye on customer buying behavior, competition in the industry, global changes in society the most suitable price and place should be set as well as product and promotion altered accordingly.

II. ANALYSIS

5 ŽELEZIARNE PODBREZOVÁ, A.S.

Železiarne Podbrezová, a.s. is a producer of steel and the seamless steel tubes registered in the Business Register of Banská Bystrica District Court, Section: Sa, File No. 69/S. Its legal form is a joint-stock company with registered seat in Podbrezová, Central Slovakia. Production facilities are under the name ŽP Group. Activities of the company are performed in 50 countries worldwide via their sales and marketing network. The company started its activities in 1840 and ranks among the oldest metallurgical companies in the central European area. ŽP Group not only has its manufacturing companies, sales, and marketing organizations but also research & development centre, transportation company and private schools (Železiarne Podbrezová, 2016). Its steel tubes and other semi-finished products can be found in engineering, power plants, wind power plants, hydraulics, pneumatics and automotive industry (Železiarne Podbrezová, YouTube video).

According to the words of Soták (Železiarne Podbrezová, 2016) who is the chairman of the Board of Directors and CEO, with the sale of two subsidiaries in 2016 in the Czech Republic (ŽĎAS a.s. and TS Plzeň a.s.) company generated profit and used the funds to reduce financial dependence on bank institutions. After the sale of the subsidiary operating in heavy engineering, there are only two out of three pillars generating cash flow, as follow: production and development of seamless steel tubes and tourism (Železiarne Podbrezová, 2016).

Following table represents current manufacturing companies, sales and distribution companies, services and other ownership interests of Železiarne Podbrezová a.s.

Table 1 Železiarne Podbrezová a.s. (2016). *Annual report*. Podbrezová, SK: ŽP a.s.

Manufacturing companies	Sales & Distribution companies	Services	Other ownership interests
*Transformaciones Metalurgicas, S.A.U. (TRANSMESA) *TAP Tubos de Acero de Precision, S.L.U. *ŽP EKO QELET a.s. *KBZ s.r.o.	*PIPEX ITALIA S.p.A. *SLOVRUR Sp. z o. o. *ZP Trade Bohemia, a.s. *Pipex Deutschland GmbH *PIPEX SK s.r.o. *Transmesa USA, Inc. *ZANINONI SLOVAKIA, s.r.o.	*Tále, a.s. *ŽP- Gastroservis, s.r.o. *ŽP Šport, a.s. *ŽP Informatika s.r.o. *ŽP Bezpečnostné služby s.r.o. *ŽP Rehabilitácia s.r.o. *ŽP BYTOS, s.r.o. *ŽP Výskumno-vývojové centrum s.r.o. (ŽP VVC s.r.o.)	*Nadácia Železiarne Podbrezová *STABILITA, d.d.s., a.s. *Hutnictví železa, a.s.

As there was a decrease in demand for the products of Železiarne Podbrezová, a.s., its revenues in 2016 from the core activities dropped by EUR 32 million when compared to the previous year. In the same year, 293 626 tons of steel was produced from which 217 183 tons was used for own production of steel tubes and 76 443 tons sold to the external customers. ŽP, a.s. is a significant EU producer of the steel tubes, as in 2016 its shares on EU market was 11% for seamless hot-rolled tubes and 12% for precision cold-drawn tubes (Železiarne Podbrezová, "Prezentácia spoločnosti").

The quality management system is certified under ISO 9001:2008 by SGS Yarsley International Certification Services Limited and company's environmental activities sustained by SGS European Quality Certification Institute, E.E.S.V., under ISO 14001:2004. Automotive industry products are certified under ISO 9001:2008 – VDA 6.1 and ISO/TS 16949:2009, issued by SGS International Services GmbH. The company owns product certificates individually for the production and testing of steel, precision and seamless tubes and others which are issued, for example by Lloyd's Register of EMEA, Det Norske Veritas, Germanisher Lloyd and more (Železiarne Podbrezová, 2016).

The current crisis in European and global metallurgy, as the Board of Directors, stated in their report (2016) is due to the unused production capacity, the global imbalance between production and consumption mainly in China and low oil prices. They moreover emphasize that this leads to the reduction in the number of employees, shut plans down and reduce shifts in the plants of some of the European companies (Železiarne Podbrezová, 2016).

The company is not only active in the production of steel tubes but also in tourism. The resort which provides tourism is Tále, a.s. It is comprised out of two hotels, ski center, and the Gray Bear 18-hole championship golf course (Železiarne Podbrezová, 2016). Company's newspaper called Podbrezovan provides current information about the company's market position, financial health and about activities performed by the company and its subsidiaries. Every employee has the right to get one copy for free. It is not only for employees of the company but for the general public who is interested in the activities conducted in the region (ŽP a.s., 2016).

Even though the company annually hires around 50 graduates raised in the ŽP Private Secondary Metallurgy Apprentice School for blue-collar professions, there is still a shortage of labor. In that sense, Šoták (ŽP a.s., 2016) believes in opening the labor market for citizens of Ukraine, Croatia, and Serbia in the future which will hopefully provide more skilled and experienced employees as Slovakia's current labor market cannot meet this

objective. Železiarne Podbrezová, a.s., has a governing philosophy that “the success and prosperity of the company depend on its people “(Železiarne Podbrezová, 2013). Therefore if the company continues to hire highly-skilled employees as it does nowadays then the motto “OUR TUBES=YOUR SUCCESS” will remain valid, adds Soták (Železiarne Podbrezová, 2016).

5.1 Marketing concept vs. selling concept

The company uses marketing concept or societal marketing concept to target and satisfy its customers and moreover to generate profit and preserve limited resources. ŽP a.s., Concentrates on the production of steel tubes out of scrap steel instead of mining the iron ore. Therefore, it has 100% recycling intentions and activities. When compared with its subsidiary and also a manufacturing company TRANSMESA, ŽP a.s. is mostly concentrating on customers’ wants and needs, therefore when ordering, for example, seamless tubes, the customer can pick from the wide variety of wall thicknesses, inner and outer diameter of the tube. Not only this but also steel alloy can be picked out. Therefore it can be concluded that ŽP’s production aims at the total satisfaction of the customer as well as the total utility of a purchased item.

TRANSMESA, on the other hand, offers only a few parameters for the customer to be picked out. Thus one of the advantages of TRANSMESA’s selling concept is that less time is needed to deliver the product to the customer because its tubes are already stored in the warehouse, but its disadvantage comes with lack of the choice. The lack of choice and price are causally relating to each other. Even though specific parameters that customer requires comes with increased expenses on production and labor capital, all of these costs are included in the final price of the product. Therefore, if a customer wants a unique product, he or she has to pay a higher price for specific alterations (Železiarne Podbrezová, 2016).

6 MARKETING ANALYSIS OF ŽELEZIARNE PODBREZOVÁ A.S.

Every company has to perform certain marketing activities to maintain or enhance its position on the market. Certain factors which influence the company's activities have to be considered and analyzed to find out which activities should be strengthened or evaded. By this means, marketing analysis of Železiarne Podbrezová a.s., focus on the PESTLE analysis to outline external environmental factors which influence the company's activities. After that SWOT analysis uses certain factors from PESTLE analysis and transforms them into future opportunities for or threats to a company. By using Porter's five forces, competitive advantage can be detected, improved and further included in the marketing mix to remove weak spots.

This thesis deals with outlining the weak promotion of societal marketing concept. One thing is to conduct activities which are trying to preserve the environment, and the other is to let the public know about it. Therefore, drive the company's market position to its highest peak.

6.1 Macro environment (PESTEL analysis)

As the heading implies PESTEL analysis deals with macro environment analysis of marketing activities of a chosen company. It includes political, economic, social, technological, environmental and legal factors.

6.1.1 Political factors

Železiarne Podbrezová, a.s. is registered in Slovakia; therefore it is a Slovak company. Slovakia is a member of the European Union since 1 of May 2004. (Europa, 2018) The fact that ŽP a.s. is operating not only in Europe but globally, the whole political situation is influencing its prices and amount of products exported abroad. The Spanish company TRANSMESA which is part of the ŽP a.s., since 2008 established Transmesa USA, Inc. in 2015. The latter is a sales company, and 100% of its revenue is from the sales of Spanish TRANSMESA products. Although ŽP, a.s. is not directly selling to the USA, TRANSMESA contributes to the consolidated economic results of ŽP a.s. (ŽP a.s., 2016). Moreover, TRANSMESA sells 5.7% of the total sales of tubes. (PPP, "Predstavenie spoločnosti")

The political situation in the USA is turbulent nowadays. This conclusion has been drawn from the fact that the president of the United States of America Donald Trump in March 2018 imposed tariffs on the import of steel and aluminum. It is 25% on steel and

10% on aluminum. The British newspaper journalist Boffey (2018) wrote that EU was granted a reprieve from the USA concerning steel and aluminum tariffs, although nobody knows for how long. He continues with the statement given personally by president D. Trump that the EU should do the same and cut the tariffs on US exports to the EU. When the time comes, and president D. Trump finally decides to impose tariffs also on steel and aluminum products imported to the USA, it will influence the financial situation of ŽP, a.s., rather negatively.

However, not only the global political situation but also national contributes to the overall performance of the company. The political situation in Slovakia is currently volatile. During the past two months, there were new government ministers appointed due to the massive street protests (Focus–economics, 2018).

Moreover, the ongoing EU's investigation of subsidy frauds in Slovakia threatens ŽP's future revenue. Especially if investigation processes prove accusations to be right. This will influence ŽP, a.s., since the company just added the new line "Agriculture and Forestry" into their business (Annual general meeting of shareholders, 2017).

6.1.2 Economic factors

Macroeconomic factors are the ones which show the overall economic growth of the country and are therefore affecting companies (Investopedia, 2018). According to the EU economic forecast Slovakia's economic growth increased to 3,4% in 2017. Due to planned future investments, the growth of GDP is believed to be 4% in 2018 with an increase of inflation rate to the 2. 2% in the same year. Compared to 2017 when the inflation rate was 1. 4% (Europa, 2018). One of the planned future investments is The Green Group company which is planning on to start a business in Slovakia processing plastic bottles. The processing is environment-friendly and the final product – polyester fiber is believed to boost economic growth even more (Euractiv n.d.).

GDP is a factor which shows how healthy the current economy is: the unemployment rate decreases and wages on the other hand increase. The moderate growth of GDP proves to be beneficial for businesses and employees simultaneously (CNBC, n.d.).

Another factor which is the unemployment rate, decreased to 7, 4% in December 2017 compared to 8, 9% in December previous year. The unemployment rate tends to go down as it is demonstrated on the graph (Figure no. 3) (Eurostat, 2017).



Figure 3 Trading economics, n.d. “Slovakia Unemployment Rate.” Accessed April 15, 2018. <https://tradingeconomics.com/slovakia/unemployment-rate>.

The production process of steel tubes which starts from scrap metal supplied by ŽP EKO QELET a.s., moreover, end with the final seamless tube, requires energy. According to the Reuters agency (2018) Russian company, Gazprom is an essential supplier of the gas through Ukraine to Europe. It holds around 35% of the market. Therefore increased prices of energy may force ŽP, a.s., to increase costs, not to invest, lay off employees or cut down the production as the energy makes 13% of total expenses (Železiarne Podbrezová, 2016). All of this may lead to a slowdown in economic growth.

Company’s production site is situated in Brezno region, Slovakia. ŽP, a.s. is a significant employer in this region and significantly helped to decrease the unemployment rate in the Brezno region from 9,45% in 2017 to 5,67% in 2018 (IndexNeoslus, 2018). The next table shows two macroeconomic indicators, GDP growth, and inflation rate and how are these changing from year to year.

Table 2 Europa. n.d. “Economic Forecast for Slovakia.” Accessed April 22, 2018. https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/slovakia/economic-forecast-slovakia_en.

Indicators	2016	2017	2018	2019
GDP growth(% ,yoy)	3,3	3,4	4,0	4,2
Inflation (% ,yoy)	-0,5	1,4	2,2	2,0

The figures in Table 2 imply that GDP growth of Slovakia has been moving up since 2016 onwards. Even though the inflation rate had plummeted in 2017, current inflation in Slovakia is around 2% which is considered to be healthy for the economy. Therefore it can be summed up that overall economic health of Slovakia should progress in the same positive manner in the future.

6.1.3 Social factors

Even though ŽP, a.s., has its own Private Secondary Metallurgy Apprentice School where future employees are being trained and moreover offers a scholarship to further continue with studies at the Faculty of Materials, Metallurgy and Recycling at Košice Technical University or Matej Bel University – IT Department, it is not enough.

In his introduction in the annual report document, he states that the company is planning on to hiring people from abroad. Mainly from Ukraine, Croatia, and Serbia because Slovak people who are registered as unemployed in the Banská Bystrica region, do not meet quality criteria (ŽP a.s., 2016). This intention is positive in the sense of having citizens of other nations employed which will lead to the cultural diversity of the employees. On the other hand, citizens of countries mentioned above speak different languages; thus communication and learning processes may be more time-consuming and bit more challenging. Below is the table with current figures concerning minimum wage in Slovakia, Serbia, Croatia, and Ukraine in 2017.

Table 3 Eurostat. 2017. Own creation.

Country	Slovakia	Serbia	Croatia	Ukraine
MNW (€/month)	435,00	285,4	442,09	99,68

As the national minimum wage differs throughout these countries, it can influence Slovak people in getting less paid or having no job at all if cheap labor force will be employed. Having low wages is not good either for people or businesses. As people do not have enough money, they tend to invest and spend less; therefore businesses have no customers to sell their products to.

Despite that, in the annual report of 2016, it was concluded that the average monthly income in 2016 was EUR 1035 per employee, which means an increase of 2.2% in comparison to the previous year (ŽP a.s., 2016). The age structure of employees in 2016

shows that 34% employees are 51 and more years old, only 14% of employees are 21-30 years old, and 1% of ŽP's employees is 20 years old and younger.

These figures may indicate that ŽP, a.s., does not meet expectations as a future employee for young people or that students will instead continue with their studies than go to work. Another structure of employees in 2016 shows their qualification. 52% of employees have a full secondary education and only 12% finished university (ŽP a.s., 2016).

6.1.4 Technological factors

With the invention of the Internet, many companies went online. ŽP, a.s. is not an exception. The company has its webpage in Slovak and English language, too. Although it takes a little bit of more time to skim through all the sections, it is readable. Their webpage offers not only a broad product portfolio but also an option to order items via their online application. Another application for mobile phones serves the purpose to convert from metric units to imperial units or vice versa. It includes more technical parameters and is available in four languages namely Slovak, English, Spanish and Russian.

To combine more manageable tasks which result in time-saving, ŽP a.s., invested in tube division system which was installed directly on the drawing bench in the tube drawing plant. In 2017 the company invested in modernization, repairs, and technology EUR 22 million (PPP, "Predstavenie spoločnosti."). As the company is 178 years old and many outdated machines and technologies are being used, the company should prevent itself from the threat of competition in paying more attention to technological progress. Combining more tasks or installing modern technologies into their production processes may at first increase costs but in it will be beneficial in the long-term.

6.1.5 Environmental factors

ŽP, a.s., environmental policy is concerned with the matter of doing marketing the way which will add to the sustainability of a clean environment using methods which diminish pollution. They implement legislation and required standards for meeting this objective. The company also claims to "openly communicate Environmental Policy to all of its employees." (Zelpo, 2013) They furthermore want to apply pollution free methods into production processes, and in addition to all of this, they aim at further enlightenment not only of employees but also the general public about advantages and disadvantages of living in a clean environment. (Zelpo, 2013).

To evaluate current environmental processes, the company implemented a joint internal audit combined with two separate ones. One for occupational health and safety audit and another for an environmental management audit. As a result under ISO 14 001 and STN OHSAS 18 001 company met 11 environmental and 17 occupational health and safety objectives (Železiarne Podbrezová, 2016).

Another fact which adds to the preservation of resources in the environment is a process by which steel tubes and other products are produced. The company's primary input into the production is scrap steel. This scrap steel goes into electric arc furnace, and with the use of energy (30% from the total consumption of energy comes from hydroelectric power plants owned by ŽP a.s.), technology, labor capital, and others, the final product is made. (ISTP Internetový sprievodca trhom práce, 0:38)

6.1.6 Legal factors

Legal factors are more or less interconnected with political ones. Politicians are the ones who forward the proposed laws or the ones holding it back. In 2004, flat personal income tax of 19% and a uniform VAT of 19% were introduced. What was more beneficial for companies was a decrease in corporate income tax (CIT) from 25% to 19%. Just for comparison, in 1999 it had been 40%. It is summarized that also the fact that dividend taxation at the shareholder level was removed from corporate law helped to promote domestic and (FDI) foreign direct investments at the same time (Europa, 2018).

ŽP, a.s., as a Slovak company which is a member of the European Union has to meet adequate standards, so-called European standards (EN). The company can no longer use standards of individual countries; only EN standards are valid. However, GOST standards and U.S. standards (ASTM, ASME, ANSI, API,) stay untouched, therefore still in use. (Železiarne podbrezová, product portfolio, 2017)

When a company wants to perform activities abroad or merge with another company from a different country within the EU, it has to keep in mind that different company, financial, tax law and others may apply.

The company has to perform its activities within the legal boundaries of European Company Law (Marieke Wyckaert, personal communication, 2017). An employer has to bear in mind the Civil Code, Labour Code, and Business Register because requirements concerning taxation, labor, contracts, or disclosure of the legal documents keep changing. The newest legal regulation from the EU is the General Data Protection Regulation (GDPR) which is valid from 25 May 2018. This data privacy law was issued to protect the

data privacy of EU citizens. "The organizations which are in non-compliance will be fined up to EUR 20 million or 4% of annual global turnover (whichever is greater)." (GDPR Portal n.d.)

7 PORTER'S FIVE FORCES

This tool will closely look at the competition in the steel and metallurgy industry to deliver information concerning how the company should and is maintaining its position. Since ŽP, a.s., has an extensive product portfolio, the competitive analysis will focus on seamless tubes as they make up 47.1% of the total production. The total amount of sales in 2017 was 285 854 tons from which seamless tubes are 134 555 tons (PPP, “Predstavenie spoločnosti”).

7.1.1 Potential of new entrants into the industry

The steel industry is one of the industries where it is not easy to enter the market, especially to build whole production site and delivery chain. For ŽP, a.s., it took 178 years to get where it is now. Although sales on the Slovak market make only 2.7% of produced tubes in the company, more important for the company are markets outside Slovakia, mainly in Europe. ŽP a.s. export 39.1% of produced tubes. (PPP, “Predstavenie spoločnosti”).

To elucidate how expensive it is to manage a company this large, is demonstrated in the following graphs. In 2016 the company's net profit was EUR 36 234 973 which is the difference between total revenues (EUR 243 429 241) and total expenses (EUR 207 194 268).

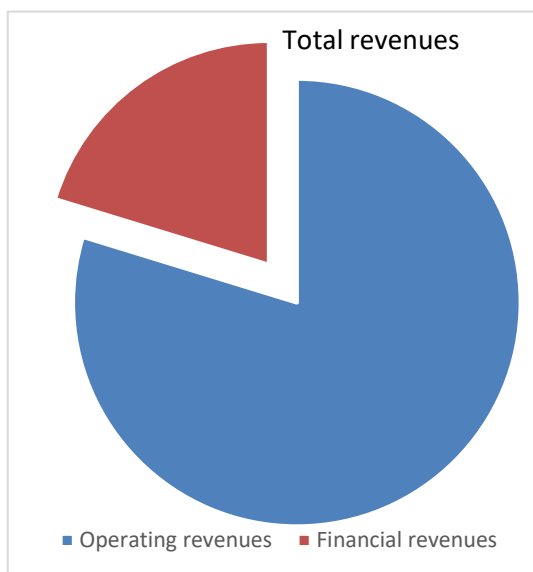


Figure 5 Železiarne Podbrezová, 2016. *Annual report*. Podbrezová, SK: ŽP a.s.

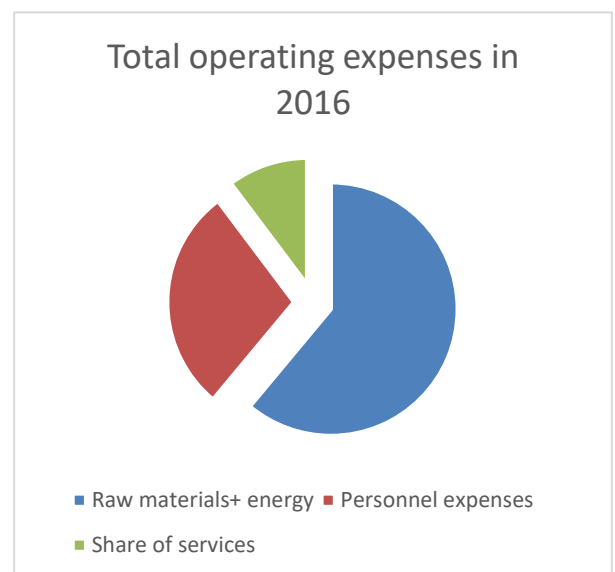


Figure 4 Železiarne Podbrezová, 2016. *Annual report*. Podbrezová, SK: ŽP a.s.

Companies planning to enter the steel industry must bear in mind that building manufacturing factories to even out already established companies in this industry will require huge investments and capital. The only way to enter and compete is with large-scale production or low prices.

ŽP, a.s., is continuously improving the quality of its products which is proven by recertification audits under ISO 9001:2008 and ISO TS 16949:2009. Moreover, the company has already its private Secondary Metallurgy Apprentice School and bilateral contracts with some of the Slovak universities to ensure qualified future employees and preserved know how for the future.

7.2 Rivalry among competitors

On the Slovak market, there is no current competitor present. Thus ŽP, a.s., does not have to take any preventive measures against the competition. There are many warehouses in Slovakia which sell seamless tubes such as KOVO-M, spol. s.r.o., KÖNIGFRANKSTAHL, s.r.o., Systemtube, s.r.o., which are buyers of ŽP a.s., seamless tubes. Although INVITA, s.r.o. has its production site of steel tubes as well as ŽP a.s., they do not produce such a wide range of products, especially not seamless tubes. (Invitaweb).

Direct competitors can be found outside Slovakia. Among the most significant competitors is companies from the Czech Republic -ArcelorMittal Ostrava, a.s., TŘÍNECKÉ ŽELEZÁRNY- Moravia Steel Group or in Spanish -Tubor Reunidos Industrial. In Romania it is TMK-ARTROM.

Table 4 Own creation. Data obtained from Tubos Reunidos.com, Ostrava.arcelormittal.com, Trz.cz, Tmk-artrom.eu, Zelpo.eu

Company	ŽP, a.s.	ArcelorMittal Ostrava, a.s.	Žřínecké železářny, a.s.	Tubor Reunidos Industrial	TMK-ARTROM
Number of employees	3000	7250	230	1530	1350
Production capacity/year	160.000 t	3 mill. t	100.00t	150.00t	200.000 t
% of output exported	86%	More than 50%	66.7%	87%	80%

According to the information from the table above, it is concluded that ŽP's volume of production is higher than of the competitors, except ArcelorMittal Ostrava, a.s. All of the mentioned companies use scrap metal as a key ingredient of steel tubes production. As ŽP, a.s., produces almost an entire final product out of scrap metal it contributes to the less consumption of iron ore. Steel is 100% recyclable (ISTP, 3:31).

Another advantage as well as a disadvantage for ŽP, a.s., might stem from the fact that it does not have its warehouse. There is only one in Spain which is completely for TRANSMESA's production needs. As of the fact that the customer has plenty of different alloys, wall thickness, outer and inner diameter to choose from might be advantageous but having no storage facility on the other hand disadvantageous. (Ing. Marcel Adamčák, personal communication, 2017).

7.3 Substitute products

Previously mentioned competitors could take actions to destabilize the whole market by producing the same products only cheaper. Usually, every firm is trying to lower its production expenses and enhance revenues but in the way which is appropriate and will not damage the whole industry. Unlike China, which has become a current threat for the steel industry, surrounding countries follow the fair trade rule. Because of this, the EU issued antidumping regulations in order to protect the EU market. According to the European Commission, "A non-EU company is 'dumping' if it exports a product to the EU at a price lower than the normal value of the product. The normal value is either product's price as sold on the home market of the non-EU company or a price based on the cost of production and profit." (Europa, 2018).

The TRANSMESA (part of the ŽP Group) in 2015 established sales company in the USA called Transmesa USA, Inc. 100% of its revenues are from TRANSMESA's product sales. TRANSMESA is further planning on to set machinery in the USA and perform product-related activities in the US (Železiarne Podbrezová, 2016). Thus such measures are probably carried out because of the American president D. Trump's threat to impose tariffs on export from Europe to the USA. Outsourcing, in this case, would be the best possible option.

ŽP, a.s., competitors in the steel and metallurgy industry produce almost the same goods, only with different parameters. To make a distinction between individual competitors Following parameters Outer diameter (OD), Wall thickness (WT / length),

based on the product portfolio of seamless steel tubes of chosen companies are provided and compared.

Company	ŽP, a.s.	Třinecké železářny, a.s.	Tubor Reunidos Industrial	TMK- ARTROM
Outer diameter (OD)	10.2-139.7 mm	60.3-406.4 mm	Hot rolled (HR)- 26.7-180mm Cold drawn (CD)- 6-120 mm	HR- 60.30- 250.825mm CD- 15.88- 210mm
Wall Thickness (WT)/length	0.5-16.0 mm	From 5 mm to -	25.1 m in length 27m in length	HR -7.1-60mm Cold drawn-1.5- 20mm

Table 5 Own creation. The data from Zelpo.eu, Trk.cz, TubosReunidos.com, Tmk-artrom.eu

7.4 The power of buyers

ŽP, a. s. has created its distribution channels via which most of the sales occur. Subsidiaries which make up the distribution channel are conducting selling activities of products in cross-border selling. Almost all of the company's sale happens through these subsidiaries. Namely PIPEX ITALIA S.p.A., SLOVRUR Sp. z o.o., ŽP Trade Bohemia, a.s., Pipex Deutschland GmbH, PIPEX SK s.r.o., and TRANSMESA USA, Inc. Another subsidiary ZANINONI SLOVAKIA, s.r.o. is responsible for transportation of company's products to global markets.

This whole distribution and selling network has helped the company to reach customers who are across the globe, for example, TRANSMESA USA, Inc which specializes its selling activities in North America. ŽP, a.s. is also selling directly to its customers through the shop situated inside of ŽP, a.s., manufacturing site area. The table below shows the division of markets where subsidiaries conduct sales.

Table 6 Own creation. The data from Železiarne Podbrezová. 2016. *Annual report*.
Podbrezová, SK: ŽP a.s.

Company	Market	Total sales %
Pipex Italia S.p.A	Europe and the Middle East	26%
SLOVRUR Sp.z o.o.	Poland	12%
ŽP Trade Bohemia, a.s.	Czech Republic	12%
Pipex Deutschland GmbH	Germany	6%
PIPEX SK s.r.o.	Spain	4%

7.5 The power of suppliers

ŽP EKO QELET, a.s. is a significant supplier for ŽP, a.s. In 2016 it supplied approximately 66.1% of scrap steel which is further used in the production of steel items. It not only makes a considerable contribution of material for ŽP, a.s., however, it has also established a dominant position in the Slovak market, especially in central and western regions of Slovakia. ŽP EKO QELET, a.s. will not prove its bargaining power of a supplier towards ŽP, a.s., as it is one of its manufacturing companies which contributes to the consolidated financial statement of a parent company. It has 72 % of shares in registered capital.

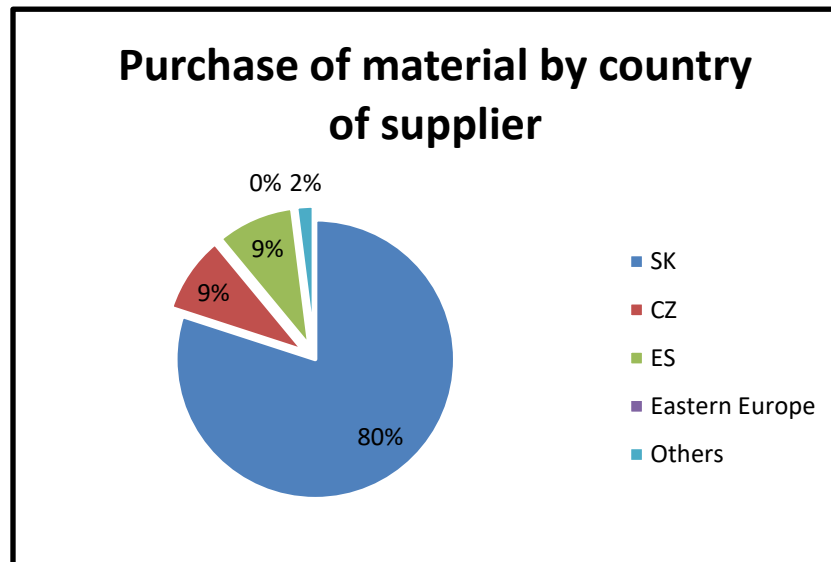
Further fluctuations can influence ŽP a.s. in the regional, European and global market. Due to these fluctuations, the subsidiary experienced a 15% decline in revenues from scrap metal sales. Another essential supplier of scrap steel is KBZ, s.r.o, which is also a subsidiary of ŽP, a.s. It was 21. 8% of the gross sales of a metal waste of the subsidiary supplied to the parent company. Its share in the registered capital is 70%.

ŽP, a.s. is trading with more than 830 business partners from which it purchases raw materials. Among those are a lime supplier (Calmit, 1. 2%), aluminum suppliers (Nordstahl, Victoria, Rogavim, 0. 90%), heat assistant materials and spare parts (ŽĎAS, a.s., Vítkovice, a.s., 1. 36%) and others. The fact that there are so many suppliers of raw

materials weakens their power over ŽP, a.s. In the end, more than 87% of all raw material was purchased from the company's subsidiaries ŽP EKO QELET, a.s., and KBZ s.r.o.

ŽP, a.s., does not need only raw materials for its production processes. Electricity is an essential part of the production process, too. Company's hydroelectric power plants generate electricity which covers around 30% of consumption per year. (annual report) Although, missing 70% can be crucial for the company and therefore lack of electricity may strengthen the power of electricity suppliers (Železiarne Podbrezová, 2016). Following graph demonstrates the purchase of material by country of a supplier.

Figure 6 Own creation. Železiarne Podbrezová. 2017.



8 MARKETING MIX

One of the tools used for the analysis of Železiarne Podbrezová a.s. is the marketing mix. This tool provides a closer look at product, price, place, and promotion. Marketing mix analysis helps divide customers into specific groups with specific needs and wants, i.e., segments. Suitable price, in the right place, promoted the right way. The marketing mix is concluded with the usage of relevant data from the company, maximum two years old data. This analysis was chosen because it provides a pattern for the establishment and adjustment of the most suitable marketing activities carried out by the company.

8.1 Product

Železiarne Podbrezová a.s., offers a broad product portfolio. Apart from seamless steel tubes and precision seamless tubes, the company produces also cut and bend tubes, fittings, con cast steel blooms, and others. The largest percentage of sales is taken up by seamless tubes and precision seamless tubes. It is 47,1% (134,555 tons) of seamless tubes and precision seamless tubes 18,3% (52,318 tons). (PPP, “Predstavenie spoločnosti.”) Out of the whole EU steel tubes production, ŽP a.s., produces 10,3% of seamless tubes and 12,4% of precision tubes. (PPP, “Predstavenie spoločnosti.”). The two following graphs demonstrate in which industries are seamless hot-drawn tubes and precision seamless tubes mostly used.

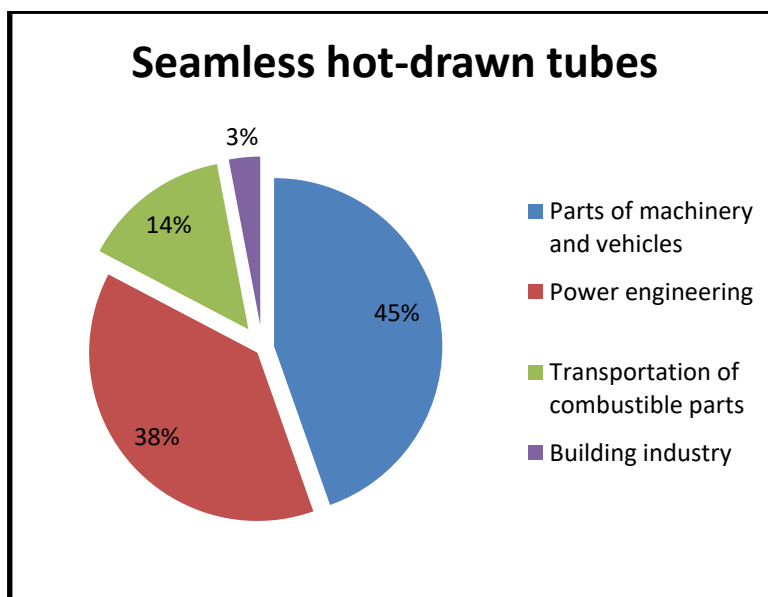


Figure 7 Own creation. Power point presentation. “Predstavenie spoločnosti.” 2017.

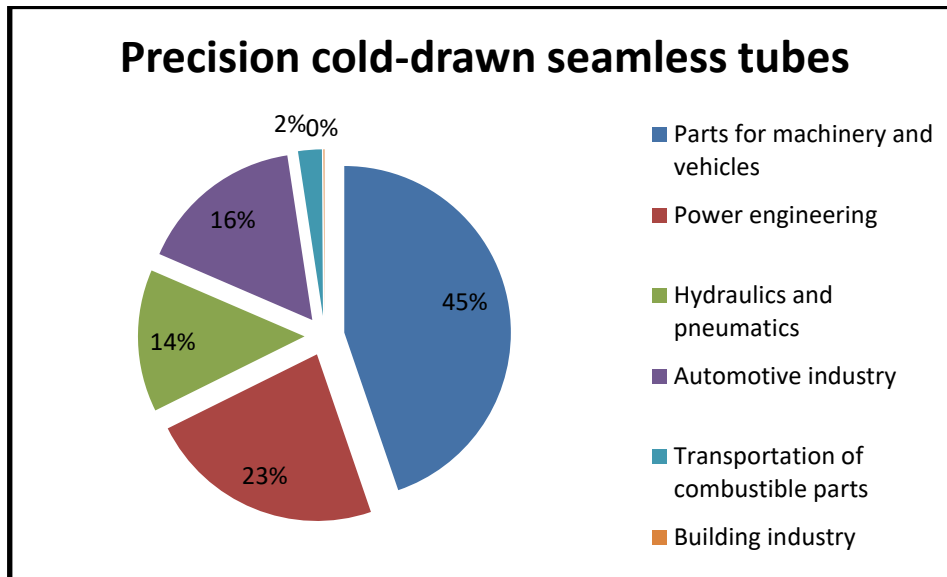


Figure 8 Own creation. Power point presentation. "Predstavenie spoločnosti." 2017.

Seamless steel tubes outer diameter (OD) and wall thickness (WT) ranges from 10,2–139,7 mm (OD) and 0,5–16mm (WT). For precision steel tubes it is from 4–125 mm (OD) and 0,5–13mm (WT) (webpage). Seamless steel tubes are produced according to EN, ASTM, ASME, API, GOST, JIS, DIN, and other standards. (PPP, "Predstavenie spoločnosti.") According to Tatra Steel Europe, 85% of steel is recycled when it reaches the end of its first use cycle. Recycling of steel from scrap cars is 99%, 94% from demolished buildings, 99% of structural steel and 70% of steel packages are recycled in Europe. (TatraSteel, n.d.)

The brand recognition is an essential factor for the company. If a customer can visualize its logo, then it is a sign of being well known. Below is a logo of a company by which it is being recognized. The current logo of the company underwent only minor changes. Due to the company's important role and position on the market, more significant change might result in loose of market share and customers.

Figure 9 Železiarne Podbrezová, 2013. "Graphical manual." Accessed April 30, 2018. <http://www.zelpo.sk/gmanual/home.nsf/>



8.2 Price

The price of the steel products includes many elements which differ from company to company due to the price of inputs, wages of employees, technical equipment, the price which customer is willing to pay for the specific product, promotion, packaging and the prices of the competition. China's pressure on prices, fluctuation of prices of scrap steel and higher energy prices were in 2016 represented in the decrease of prices for seamless steel tubes. The company does not have a free choice to set up the price because it wants to maintain healthy competition in the industry. Therefore it has to adjust to the current market prices. The prices of ŽP's products vary according to the alloys, length, wall thickness, tonnage, technical standards, and outer and inner diameter. (Železiarne Podbrezová a.s.)

The fact that steel is 100% recyclable delivers higher value to the customer, so they are willing to pay a higher price for it. As far as thin precision seamless tubes with a small diameter are considered, their price is higher because first of all, it needs to match the prices of competitors, and it is also more challenging to produce in the sense that it is technically more demanding on equipment and labor force. As far as the price is concerned, ŽP's tubes can be compared to the other competitors in the industry. The decisive factor for the customer may be quality, delivery time and brand recognition. Prices are usually agreed upon individually. Customers send the request and ŽP a.s., replies with a business proposal tailored to their needs. Železiarne Podbrezová a.s., although still tries to deliver added value to the customer as their motto "Power of process, quality of service" remains unchanged (Marcel Adamčák, personal communication, 2018).

8.3 Place

The company has established its delivery network. Steel tubes are mostly distributed via subsidiaries operating in different countries in the world, mainly in Europe. Those sales and distribution companies are PIPEX ITALIA S.p.A., SLOVRUR Sp. z o. o., ŽP Trade Bohemia, a.s., Pipex Deutschland GmbH, PIPEX SK s.r.o., Transmesa USA, Inc., ZANINONI SLOVAKIA, s.r.o. (ŽP a.s., 2016) Markets on which are these companies operating and percentage of sales conducted by them can be seen in section 7.4.

Another channel via which selling occurs is the retail shop in Podbrezová, Slovakia which allows customers to make online orders, although only in small quantity. Some of the tubes are stored in the warehouse which is small and offers a few number and alloys of tubes with limited parameters. After an order is made it is directly sent to the Trade

department where specialists decide whether ŽP a.s., can make the demanded product or not. A business proposal with price and time of delivery is sent back to the customer. Larger orders usually go through the particular type of person representing the company who is selling the tubes of ŽP a.s (Marcel Adamčák, personal communication, 2018).

Company's webpage also offers steel tube and pipe handbook where the customer can choose from a wide range of parameters and features of the product such as alloy, outer and inner diameter, wall thickness, length, quantity, and technical standards according to which different types of tubes are produced (Zelpo, 2013).

8.4 Promotion

All of the products are promoted on the webpage of the company where a customer can decide what to order according to his needs because different customers demand different types of tubes with different features according to the purpose of the purchase.

Another way of promoting offered products is the Podbrezovan newspaper. Its content includes activities of the company from each sector it operates in, news from the world of steel, personnel changes, advertisement and menu for employees from ŽP-Gastro servis, s.r.o., which provides catering service to the employees and external customers. Pipex Italia offers Current Stock Portal where customers immediately have a chance to look at the quantity of offered products. Moreover, he or she now has an option to register for notifications via e-mail to keep being updated. It is also possible to share the content of Current Stock Portal via Facebook, LinkedIn, and Google.

The company is also present at the various Steel Trades around the world where it presents its products (Zelpo, 2013). Different types of promotion are employees and word of mouth. One cannot believe everything that is said because it does not have to be true. However, it is also an essential way of promotion especially when it is for free. Therefore it is crucial for the company to be orally presented positively because Blackshaw (2008) wrote that satisfied customer tells three friends while angry customer tells 3,000. Students of the ŽP's Private Secondary Metallurgy Apprentice School should represent the company's value in and out of the school; the question is whether in a right or a wrong way.

9 SWOT ANALYSIS

SWOT analysis as another marketing tool that provides insight into the company's strengths, weaknesses, opportunities, and threats. This analysis was chosen to summarize external and internal factors which influence the company's performance. The data is gained largely from the Annual report, 2016 and information provided directly by the company.

9.1 Strengths

Among the company's strengths can be included in its unique position on the Slovak market and ability to counterbalance competition in the industry. Its competitive advantage is an individual approach to each customer's demand, broad product portfolio and continuous investments into modernization and production processes. In 2017 it was EUR 22 million for dedusting of arc and pan furnace and enlarging product portfolio with 74 new sizes of seamless tubes. The fact that it uses mainly scrap steel to produce its steel tubes, at large contributes to the recycling of metal materials while preserving iron ore untouched. ŽP a.s. has many suppliers; therefore they do not have bargaining power over the company. Company's hydroelectric power plants also diminish the dependency on external suppliers of energy.

A long-lasting relationship with its subsidiaries and great distribution channels further contribute to brand recognition not only for its long and successful history but also know-how and tradition. Private schools where future employees are being trained in skilled workers is also an advantage. Moreover, the company owns the research and development center (ŽP Výskumno – vývojové centrum s.r.o.) to improve its knowledge and research in metallurgy, metal forming, material engineering, and process modeling. Among others are subsidiaries which offer additional benefits in the form of relaxation, such as ŽP Rehabilitácia s.r.o. (Železiarne Podbrezová, 2016).

9.2 Weaknesses

One of the company's weaknesses is the insufficient promotion of environmental policy even though it claims that the objective of its environmental policy is to educate and spread awareness of its production impacts on environment among employees and the general public. Another weakness of the company is a small number of young people employed. There was only 1% of employed people (in 2016) who are less than 20 years old and 14% of employees who are 21-30 years old. The biggest group of employees

ranked according to age is 41-51 and more which takes up 65% of all employees (annual report, 2016). This figures, based on the fact that ŽP a.s. has its own Secondary Metallurgy Apprentice School are quite surprising. One would expect that the company would have many young people employed as of the fact that it trains and educates youth in its school. The reason for the small number of young people employed can be lower salary, unattractive industry, firm's policy, philosophy or the choice to continue studying at the university.

In Brezno region, according to the annual report (2016), there are not enough skilled and qualified people who are actively seeking the job; therefore, the company is planning on to hiring people from Ukraine, Serbia or Croatia. Presumably, soon. The intention to employ foreigners might be both positive and negative at the same time to a different group of people.

9.3 Opportunities

As opportunities stem mainly from the external environment of the company, there are also political reasons which influence the company's future intentions. TRANSMESA as the part of ŽP Group may outsource its planned machinery and production related activities to the US if D. Trump decides to impose tariffs on EU market as well as on China. Therefore it would not have negative impacts on total revenues but rather increase them. The fact that there is a low percentage of young people employed in the industry may play a crucial role in shaping the name and brand of the company. Therefore, if young people do not stay in the industry or the company because they lack the motivation or the industry is not attractive enough, a company's opportunity is to implement action plan towards increased motivation and attractiveness of the industry for fresh graduates.

The employment of people from different countries may also transform into an opportunity for the company to make a good name for itself in the world but also increase the multicultural environment in the company and the region. Employees could learn more about other culture, languages and therefore strengthen their cultural knowledge and relationship with people with a different nationality.

9.4 Threats

As it was previously mentioned, the minimum wage in Ukraine and Serbia is significantly lower when compared to Slovakia. In Ukraine, it is only EUR 99,98 and in Serbia EUR 285,40 when compared to Slovakia's minimum wage which is EUR 435,00.

(Eurostat, 2017) Therefore if people from these two countries are used to work for less money, the employer could get more interested in hiring more people outside of Slovakia because it is cheaper labor, therefore more money for the business. Another threat stems from China. Since it is not able to cover its demand in China, which is lower than the actual supply, it sells steel products cheaper than the market price in Europe or America. However, the EU is effectively protecting itself by implementing anti-dumping regulations.

Another threat is president’s D. Trump recent announcement about imposing the tariffs on China’s export of steel and aluminum to the U.S. The exception which he gave to EU, Australia, Mexico, and Canada expired on May 1, 2018 (Podbrezovan, 2018). No one knows what is going to happen if the president will finally impose the tariffs also on EU export of steel to the U.S. ŽP, a.s. will be forced to make some cuts in the expenses as the costs will be higher and production ready to being exported probably lower.

Table 7 Own creation. acquired from the results of analyses.

Strengths	Weaknesses
<ul style="list-style-type: none"> • unique position on Slovak market • individual approach towards customers • broad product portfolio • investments into modernization -many suppliers • own school • tradition, know-how • R&D center • diversification of investments 	<ul style="list-style-type: none"> • insufficient promotion of environmental objectives • small % of young people employed • not enough qualified people • small storage capacity
Opportunities	Threats
<ul style="list-style-type: none"> • cheaper labour (foreigners) • brand recognition • new environment friendly customers • skilled and young workers from abroad • technological progress 	<ul style="list-style-type: none"> • economic immigrants • China’s excessive steel production and export to EU • U.S. tariffs on steel export to US

10 MARKETING ANALYSIS CONCLUSION

For the purposes of analyzing marketing activities and the overall performance of the company on the market, specific marketing analyses were used. The first analysis which is PESTEL analysis found out that the company should concentrate more on the environmental issues as those are the factors which are most important concerning the societal marketing concept. To spread the word among people about already made attempts towards preserving a clean environment.

The essential factor nowadays is the political one. The political scene not only in Slovakia but also abroad is continuously changing. Moreover, president Donald Trump's threats to impose tariffs on the EU export to the USA would influence the company's performance a great deal because a significant portion of its production is being exported. These two above described things and more are also included in the SWOT analysis.

The current factor which could and most certainly will influence the company is the arrival of new employees from abroad. It is expected to deliver the required qualified workforce which the company lacks. The most surprising thing is the lack of young and qualified people because the company claims that it is training its workforce in their school. Probably the lack of motivation or low salary prevents young people from entering the company. Therefore, more attention should be paid to motivational factors.

ŽP's strength and competitive advantage is the position in the Slovak market where they do not have a direct competitor. The disadvantage in the sense of competition can be a lack of storage which prolongs the time in which the final product gets into its consumer. However, it is more than impossible to have all the variations and types of tubes with different features stored in large quantities. The company needs to decide neither to shorten the delivery time in which case product portfolio would need to be cut at least in half or leave the broad portfolio as it is and therefore provide an almost unlimited number of combinations of parameters and features of the desired final product up to the customer.

The company's product – seamless steel tubes – is recognized throughout the world due to its long lasting tradition and quality. As of the fact that steel is a metal which is 100% recyclable, the customers are willing to pay a higher price for the product. Although, the price has to follow specific rules in order to sustain healthy competition in the industry. The company tries to produce its steel tubes in an environment-friendly way. However, necessary amounts of waste are generated as it is in every production process. The most

important thing here is to look at what is the company doing, and if it is doing everything that it can, the effectiveness question is most relevant here.

Young, trained and educated people in the company's school is one of the sources of having a future generation of qualified workers which would result in spending less time and money for the inclusion of foreigners. An opportunity to work for the company which is trying to preserve the environment is another way to motivate young people, apart from providing additional benefits to the salary base.

11 SUGGESTIONS

The environmental policy of Železiarne Podbrezová a.s. is the following: "satisfy the needs of customers with minimal impact on the environment." (Zeljo, 2013) Thus, their clear intentions should be visible and well promoted. Not only implement management techniques to obtain environmental policy objectives but also to educate its students, employees and the general public about the pros and cons of production and waste. Here comes the issue of recycling.

The production process requires specific input. In the case of steel tubes, the input is either iron ore or scrap steel. Scrap steel is the material which is used in the secondary production of steel and more environment - friendly than primarily produced steel tubes from mined iron ore. Iron ore is a non-renewable raw material; therefore once it is mined, it cannot be refilled or put back. The secondary production of steel requires much less energy. Thus the secondary production of steel is not only environment-friendly but also economical. The following table shows how much energy is saved when different metals are recycled.

Table 8 Own creation. Železiarne Podbrezová, 2018.

Metal	% of energy saved
Steel	60
Lead	65
Zinc	75
Copper	84
Nickel	90
Aluminium	95

As the environmental issue is intensely debated nowadays, better marketing strategy including ŽP's attempts to preserve an environment should be promoted among current and future customers. Taking care of the environment will help to maintain current customers as well as to attract new ones as many people are interested in buying products which do not pollute the environment.

As of the fact that the main reason why companies perform business activities is to make a profit enhancing marketing activities by mastering them into perfection as marketing is used to create, maintain or enhance the relationship between the company and

its customer is essential. For this very reason, marketing analysis of each company needs to be done from time to time, to find out strengths and weaknesses for the company to know where it stands and what needs to be improved.

As the company has its apprentice school where students are trained in theory but also undergo practical training which takes place in company's very own manufacturing site, there should be more than 1% of employees under the age of 20 as well as more than 14% of employees aged between 21-30 employed. Compared to 65% of employees aged between 41-51 and older, it is safe to conclude that Železiarne Podbrezová, a.s. should concentrate on creating more appealing workplace especially for young graduates (annual report, 2016).

According to research, giving young people a reason which society is going to benefit from, seems crucial for them wanting to join. They need to see the bigger picture that the company is going for, which eventually once hired, results in increased productivity. (Kingsley, 2013). Kingsley (2013) then thinks that Millennials need to be seen, appreciated and in order to get promoted, the job needs to be done as expected. According to Pew Research Center (2010) people born between 1981 and 1996 so-called Millennials tend to prioritize helping people in need (21%) more than wanting to have a higher salary (15%). Thus socially oriented projects might attract some newcomers.

The actual suggestion and solution are to combine young peoples' interest in doing greater good which in this case could be a need to preserve the clean environment. However, salary and additional benefits should not be blindsided. One of those benefits might be the ski pass ready to use any time during the winter season provided by the company as it has its ski center, entrance ticket to swimming pool or rehabilitation center. Approved in advance by the responsible authorities, ŽP employees could get these perks based on job performance evaluation score given by the foreman in charge.

As of the fact that ŽP has its ski, wellness, and rehabilitation facility, it might be the idea worth looking at. Word of mouth spreads quickly when the employee is satisfied with his job. Letting people lead, delegate and make a decision makes them feel appreciated and valued, especially in the social media era among young people nowadays. Being active and constantly updating news about their private and work life might result in being a cheap way to educate and promote company's attempts towards a clean environment.

Even though this idea to improve is only in its early and theoretical stage, and future research needs to be done, it gives the company another angle to look at the ways how to attract the customers and employees.

CONCLUSION

This thesis aimed to analyze company's marketing activities and to recommend future improvements. This goal has been met.

External and internal factors of the company were scrutinized. PESTEL analysis highlighted mainly the threat of continually changing the political situation. These decisions affect the financial stability of the company as many new laws and restrictions are introduced and changed in the private sector.

Competitiveness analysis shows that there is no threat in the sense of direct competitor on the Slovak market; however, this is not true about European or global market as China keeps pushing towards lower prices and therefore destroys healthy competition in the industry.

By analyzing the marketing mix, it was found out that there is an insufficient promotion of environmental activities of the company and lack of young people employed in the industry. The ultimate tool to analyze marketing activities is SWOT analysis. It presents internal strengths and weaknesses as well as external opportunities and threats.

This thesis may serve as the stepping stone for future research. The one, which will further elaborate on specific tools to inspire Millennials to work for the company and advertise the good environmental deeds the company is trying to accomplish which might result in raised awareness about preserving the environment but also pull new customers in.

Not only education and raising awareness could help to preserve the clean environment, but also specific processes which occur during the production should be modernized and paid attention to. The ways of how to improve the technological development, production processes as well as motivational techniques remain open for future research.

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LIST OF ABBREVIATIONS

TBU	Tomas Bata University
ŽP a.s.	Železiarne Podbrezová
WTO	World trade organization
OD	Outer diameter
WT	Wall thickness
GDPR	General Data Protection Regulation
Yoy	Year to year
CIT	Corporate Income Tax
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
EN	European Standards

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