

**Filozofická fakulta Univerzity Palackého**



**Finding New Customers Abroad for Selling Czech Products**

Bakalářská práce

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**Finding New Customers Abroad for Selling Czech Products**

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**Declaration**

I declare I have worked on this bachelor thesis independently and I have included the complete list of cited and used literature.

In Olomouc .....

Signature.....

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## **1. Methodology**

This work is divided into four major sections.

- This work opens with a brief reconstructive narrative of trade from pre-history to the present. International trade is analyzed from the viewpoint of comparative advantages, and how Czech comparative advantages have lead to our exports. The choice of which comparative advantages have lead to which exports is for illustrative purposes, rather than an exhaustive study. For this section I used various internet sources and hard covered books.
- The following section consists of marketability issues such as identification of potential markets, researching these markets, potential market size, cultural differences, customization of products, modes of entry, advertising, and organizations available to help. The materials used for this section were found mainly in books and websites concerning these issues.
- The case studies focus on four particular successful Czech companies which export abroad. Information from the official companies' websites are augmented by interviews with businessmen, in particular Inženýr Martin Štrupl, director of logistics and distribution at Hamé, Aleš Winkler, senior project manager at Alfanametal, inženýr Vladimír Zbožínek, a project manager at Senior Automotive, and Olivier Jansens, owner and director of Cat-gato.
- Finally, my conclusion compiles from my contributors and internet sources suggestions for future export growth.

### **1.1. The Aims and Objectives of the Work**

- To give a theoretical overview of international trade which shows that the Czech Republic has comparative advantages, that these comparative advantages have lead to our present exports, and to show that an analysis of our present comparative advantages is the key to discovering our future areas of export growth.
- To give potential exporters useful advice and a framework for product and market analysis.
- To re-affirm the enormous potential of Czech industry for export growth.

## 2. Introduction

This work shall first consider the history of international trade and the theory of comparative advantages, and examines how Czech history has influenced our comparative advantages, and how the specific history of Czech exports has been and is influenced by both history and comparative advantages.

The summary of general marketing principles includes choosing products, investigating potential markets, modes of entry, modifications to products and marketing campaigns, and institutions available to help.

The Case studies, Hamé, Alfanametal, Senior Automotive, and Cat-gato, show the theory in practice.

The conclusion includes recommendations for areas of future export growth.

### 2.1. Preface

What is man, and to what should s/he aspire? What s/he can, s/he wants, and what s/he wants, s/he usually can. We should aspire to be the best we can be, and we should ensure that our children are free to achieve their full potential as human beings.

Czechoslovakia experienced such a renaissance during the First Republic, but then we were betrayed when the Anglo-Saxon alliance gave us first to fascism<sup>1</sup> and then to communism<sup>2</sup>. From the first invasions of WWII by Poland and Hungary<sup>3</sup>, to the student revolution bringing Havel to the castle<sup>4</sup>, we suffered half a century of brutality, and economic decay.<sup>5</sup>

Even under communism we had enough food, good health care, and all the necessities of life. But there were limits placed upon our ambitions. Self-actualization had to conform to the will of the state or take place behind closed doors.<sup>6</sup>

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<sup>1</sup> [http://www.historylearningsite.co.uk/czechoslovakia\\_1938.htm](http://www.historylearningsite.co.uk/czechoslovakia_1938.htm), extracted July 30, 2010

<sup>2</sup> [http://www.coldwar.org/articles/40s/czech\\_coup.asp](http://www.coldwar.org/articles/40s/czech_coup.asp), extracted July 30, 2010

<sup>3</sup> <http://www.weeklyuniverse.com/2003/poland.htm>, posted June 8, 2003

<sup>4</sup> <http://cicerossongs.blogspot.com/2006/10/havel-na-hrad.html>, posted October 5, 2006

<sup>5</sup> Interview with Ludmila Hrbková, July 30, 2010

<sup>6</sup> Ibid.

After the velvet revolution, we again had high hopes<sup>7</sup> In the two decades since our independence, we have painted our buildings, built hypermarkets, and traveled anywhere we could afford.<sup>8</sup> But have we fully taken advantage of our true potential?

This thesis shall deal with one aspect of fulfilling our potential, our industry. Despite the many obstacles we face, we must build our export industries, and this paper is an effort to provide information and inspiration for potential exporters. Rather than try to export everything, we should analyze our nation and history to ascertain our competitive advantages, and use this insight to influence our future strategic export growth. Understanding our present begins by understanding our past, so let us start with a speculative reconstruction of the history of trade.

### 3. History of Trade

Although it is theoretically possible for an individual to survive without any interaction with others, successfully rearing of children is a much more difficult enterprise, especially if there is a shortage of resources available. Although a union of equals might allow a sharing of each task, with the birth of children, a Division of Labor naturally evolved from Comparative Advantages.<sup>9</sup> Although women might be more skillful as hunters, gatherers, farmers, and at most other tasks, men were completely incapable of nursing their young, and so men were relegated the tasks which required leaving the children for long periods: hunting and reconnaissance, and thus the consequent role of combatant. Each member of the family tried to help the group survive, and groups that did not possess this trait died out.<sup>10</sup>

As families grew to tribes, the more productive members of society were more valued than the less productive members, and this value is today referred to as social status. Social status increased breeding opportunities, and so skillfulness increased in relation to brute survival skills.<sup>11</sup>

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<sup>7</sup> <http://www.radio.cz/en/current/one-on-one>, posted July 26, 2010

<sup>8</sup> Interview with MUDr. Jan Hrbek, March 25, 2010

<sup>9</sup> [http://www.sciencedirect.com/science?\\_ob=ArticleURL&\\_udi=B6WH6-49XPH97-1&\\_user=10&\\_coverDate=03%2F31%2F2004&\\_rdoc=1&\\_fmt=high&\\_orig=search&\\_sort=d&\\_docanchor=&view=c&\\_searchStrId=1403210207&\\_rerunOrigin=google&\\_acct=C000050221&\\_version=1&\\_urlVersion=0&\\_u serid=10&md5=120e2182924eefb6094c37994ab0acbe](http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6WH6-49XPH97-1&_user=10&_coverDate=03%2F31%2F2004&_rdoc=1&_fmt=high&_orig=search&_sort=d&_docanchor=&view=c&_searchStrId=1403210207&_rerunOrigin=google&_acct=C000050221&_version=1&_urlVersion=0&_u serid=10&md5=120e2182924eefb6094c37994ab0acbe), posted November 4, 2003

<sup>10</sup> <http://www.anth.ucsb.edu/faculty/gurven/papers/kaplangurven.pdf>, posted April 26, 2001

<sup>11</sup> Ibid.



As tribes grew, further specialization organically developed. The matriarch of the tribe decided who would do what, and who would get what, just as is true in most Czech families today.<sup>12</sup> This specialization allowed the development of increasingly complex arts and crafts, which would come to the attention of other tribes when they came into contact with one another.<sup>13</sup>

Often groups would give presents to each other, and good decorum dictated that each group try to match the other's gifts. There were problems, however, if one tribe had more to offer at the moment than the other tribe, and this problem was solved by highly portable and durable valuable goods, which were never consumed, and often had no useful intrinsic value, but were passed on as a token of value. Appearance being an important part of presentation, these often took the form that the matriarchs would appreciate, jewelry. Eventually gold became the most valuable material, due to its rarity, luster, workability, and chemical stability.<sup>14</sup> As men began to assert themselves in business, the ornamentation and individuality were abandoned in favor of uniformity, coins.<sup>15</sup> Silver and Copper coins were used for lesser values due to their anti-bacterial qualities<sup>16</sup>, as avoiding epidemics became an increasingly important group survival skill as population density increased.

Interactions were not always idyllic free trade. There were times when one tribe felt they could take property from another tribe by deceit, stealth or force. However, such attempts often met with retaliation that was much more costly than any items gained, so "criminal" groups were often eventually driven away or exterminated.<sup>17</sup>

Eventually more and more people specialized in production of trade items, in what we would today call commercial activity. In order to exploit regional price differences, traders specialized in moving goods from one area to another. Finally, production of individual items became further divided, and modern factories appeared.<sup>18</sup> This paper will deal with how these factories can find further markets for their goods.

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<sup>12</sup> <http://www.fact-index.com/m/ma/matriarchy.html>, extracted July 7, 2010

<sup>13</sup> HORÁKOVÁ Iveta. *Marketing v současné světové praxi*. 1. vydání. Praha: Grada v 1992, 365 stran, ISBN 80-85424-83-5, page 23

<sup>14</sup> <http://geology.com/minerals/gold/uses-of-gold.shtml>, extracted July 7, 2010

<sup>15</sup> <http://projects.exeter.ac.uk/RDavies/arian/origins.html>, extracted July 7, 2010

<sup>16</sup> <http://www.copperinfo.co.uk/antimicrobial/downloads/pub-200-comparing-antimicrobial-efficacy-copper-silver.pdf>, posted May, 2010

<sup>17</sup> <http://ant.sagepub.com/content/2/3/281.abstract>, posted September, 2002, volume 2

<sup>18</sup> HORÁKOVÁ Iveta. *Marketing v současné světové praxi*. 1. vydání. Praha: Grada v 1992, 365 stran, ISBN 80-85424-83-5, page 23

### 3.1. History of Foreign Trade in the Area of the Czech Republic

Czech history is very complicated. We have been a part of many countries, so the division between foreign and domestic trade changes with each era. We are in the middle of Europe, and have influenced and felt the influence of many nations. Defining what is Czech is difficult, because Czechs adopt the technology, culture, and language of our neighbors as it suits our needs. Under Charles IV, Prague became the capital of the expansive Holy Roman Empire, ruling many nations. Charles IV imported many foreign craftsman and merchants. The Craftsmen created for themselves guilds, which were granted official recognition and a high degree of control over the practice and practitioners of their craft. By the end of the reign of Charles IV, 225 such crafts were officially recognized,<sup>19</sup> and Prague was a European center for arts, crafts, industries and trade.<sup>2021</sup>

Charles IV started a University in Prague, again importing the best men and ideas, and these ideas sparked significant changes to the economic dynamics of the Czech lands, first during the reign of Charles IV and then during the Hussite period.<sup>22</sup> Jan Hus, a popular university leader, wanted to restore what we now see as very basic human rights (full communion for all, stop the rich from purchasing immunity for crimes against the poor, allowing everyone to read the bible in his own native tongue). The Pope in the Roman Vatican and his Catholic allies burned Jan Hus alive despite his safe passage granted by Sigismund.<sup>2324</sup>

The pope of Rome sent the armies of Germany on a “holy crusade” to invade the Czech lands and to exterminate the threat of church reform, but miraculously the Czech Hussites defeated them. The Hussites counter invaded, and the Hussite armies plundered Germany.<sup>25</sup> Normal export production ceased under the Pope’s ban on trading with the Bohemian “heretics”.<sup>26</sup> The Catholic Church then sent armies from around Europe against the Hussites, but the Czech Hussites defeated every foreign army on their soil.<sup>27</sup> The Hussites focused industry on national defense, and created modern warfare, including a peasant army,

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<sup>19</sup> [http://www.mzv.cz/riyadh/en/trade\\_and\\_economy/index.html](http://www.mzv.cz/riyadh/en/trade_and_economy/index.html), posted August 11, 2009

<sup>20</sup> Ibid.

<sup>21</sup> [http://www.praha.eu/jnp/en/past\\_future/history\\_of\\_prague/index.html](http://www.praha.eu/jnp/en/past_future/history_of_prague/index.html), extracted July 20, 2010

<sup>22</sup> <http://arts.jrank.org/pages/16471/Prague-patronage-collecting.html>, extracted July 20, 2010

<sup>23</sup> <http://www2.kenyon.edu/projects/margin/hus2.htm>, posted March 26, 1995

<sup>24</sup> <http://myweb.tiscali.co.uk/matthaywood/main/Hussites.htm>, extracted July 24, 2010

<sup>25</sup> Ibid.

<sup>26</sup> [http://www.mzv.cz/riyadh/en/trade\\_and\\_economy/index.html](http://www.mzv.cz/riyadh/en/trade_and_economy/index.html), posted August 11, 2009

strategic use of terrain and available resources, and small arms (the pistol).<sup>28</sup> The result of the Catholic invasion and economic blockade was the loss of over a third of the population and a serious setback of export production.<sup>29</sup>

The Czechs again tried to reform the status quo in Europe under George of Poděbrady, who tried to institute a European system of economic cooperation and cultural tolerance similar to the EU of today, but the European Monarchs and the Catholic church again stepped in to put a stop to the independent thinking of the Czechs.<sup>30</sup>

With peace restored, the economy started to rise again. By the time of Rudolf II, the sciences were developing strongly. Alchemy during this period was a strong foundation for the Czech Chemical, Metallurgical, and Pharmaceutical industries today.<sup>31</sup>

During the Thirty Years War (1618-1648), the population again fell by a third, and industrial production again shifted from elegant consumer goods (fine cloth, glassware, and jewelry) to military hardware and equipment<sup>32</sup>

After their loss of independence in 1620 at the Battle of White Mountain, the Czechs struggled to maintain their culture, while they spent the next three centuries under the German-speaking Hapsburg reign as part of the Austrian (-Hungarian) Empire.<sup>33</sup> After the battle of White Mountain, 27 of the best and brightest Czech Nobility were publicly executed, and their families and supporters fled or were exterminated.<sup>34</sup>

Even with the capital in far off Vienna, Prague could still boast consulates from France, Belgium, Great Britain, Italy, Germany, Russia, the USA, Switzerland and Serbia; and in Brno Belgium, France, Great Britain, the Netherlands, Italy, Mexico, Germany, Persia, Serbia, Spain and Turkey; in Karlovy Vary Great Britain, Greece, and the USA, and in Liberec the USA and France. Embassies conduct politics, but consulates conduct trade, and so many consulates reflected the levels of foreign trade. There were some exhibitions to present Czech products in Ukraine in Kiev, in Bulgaria in Sofia and Plovdiv before WWI.<sup>35</sup>

Czech lands were connected with alpine Galicia (Halič in Czech), Bukovina, south Slovakian, Romanian and Italian lands of the Austrian-Hungarian monarchy. To the Czech

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<sup>27</sup> <http://myweb.tiscali.co.uk/matthaywood/main/Hussites.htm>, extracted July 24, 2010

<sup>28</sup> [http://www.allempires.com/article/index.php?q=hussite\\_wars](http://www.allempires.com/article/index.php?q=hussite_wars), extracted July 24, 2010

<sup>29</sup> Ibid.

<sup>30</sup> <http://archiv.radio.cz/history/history06.html>, extracted July 16, 2010

<sup>31</sup> [http://www.mzv.cz/riyadh/en/trade\\_and\\_economy/index.html](http://www.mzv.cz/riyadh/en/trade_and_economy/index.html), posted August 11, 2009

<sup>32</sup> Ibid.

<sup>33</sup> <http://www.historyofnations.net/europe/czechrepublic.html>, extracted July 16, 2010

<sup>34</sup> [http://www.mzv.cz/riyadh/en/trade\\_and\\_economy/index.html](http://www.mzv.cz/riyadh/en/trade_and_economy/index.html), posted August 11, 2009

<sup>35</sup> JAKUBEC Ivan, JINDRA Zdeněk. *Dějiny hospodářství českých zemí od počátku industrializace do konce habsburské monarchie*. 1.vyd.. Praha: Nakladatelství Karolinum v roce 2006. 471str., ISBN 978-80-246-1035-1, page 312

lands from Galicia and Bukovina came kerosene, salt, eggs, pigs, spirits, etc.; from Alpine lands salt, cows, magnesite, ore for production of chemicals, industrial products, etc.; from south Slovakia areas tanning products, fats, wool, ferrosilicon, corn, mercury, etc.; from Italian provinces wines, vegetable oils, fruits, etc.. And back to them from Czech lands went coal, agricultural and industrial products, sugar, machinery, textile fabrics, etc.<sup>36</sup>

Czech lands exported barley, malt, hops, seeds, chicory, vegetables and fruits. Livestock were exported to Vienna and Germany. We also exported dehydrated milk, milk sugar, other dairy products, carp, kaolin, graphite, coal, sugar, beer, spirits, liqueurs, Prague ham, starch, syrups, candy, chocolates, coffee substitutes, canned vegetables and meats, Bohemian glass, porcelain, ceramics, wooden furniture, matches, paper and paper goods, iron and iron goods, hats, buttons, clothes, music instruments and other machines. For example, the electrotechnical plant Kolbelka in Prague exported more than 20% of its production and the Škoda plants in Pilsner produced cannons and howitzers, not just for Austro-Hungarian army, but also for Romania, Serbia and Montenegro.<sup>37</sup>

After World War I in 1918 an independent Czechoslovakian state was established. Once independent we grew even more. Foreign trade focused on France, and England and we even traded with the USA. In 1928 we were the tenth most industrialized nation in the world.<sup>38</sup> In this author's opinion, we were truly a cosmopolitan, harmonious, civilized, and developed state.

During WWII, industry in the Czech Protectorate was directed to support the Axis war effort.<sup>39</sup> After the war, under the Union of Soviet Socialist Republics, private industry was first nationalized in ownership, then internationalized in central planning. In 1949 Moscow established the Committee for Mutual Economic Assistance, consisting of Czechoslovakia, Bulgaria, Hungary, Poland, Romania and the USSR, which organized foreign trade companies, each with its own particular monopoly on some aspect of foreign trade. Duplication of efforts (i.e. competition) was replaced by strategic planning. Each factory and area had its own specialties. Czech exports were primary machinery, equipment, industrial consumer goods and raw materials. Even at dictated prices, Czech exports to the other communist countries were far in excess of our imports, but instead of using our export earnings for Czech industrial growth, we built up industry in Slovakia and gave interest-free

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<sup>36</sup> Ibid., page 313

<sup>37</sup> JAKUBEC Ivan, JINDRA Zdeněk. *Dějiny hospodářství českých zemí od počátku industrializace do konce habsburské monarchie*. 1.vyd.. Praha: Nakladatelství Karolinum v roce 2006. 471str., ISBN 978-80-246-1035-1, pages 313 and 314

<sup>38</sup> <http://www.czech.cz/en/87958-history-of-foreign-trade>, posted January 25, 2010

loans to the USSR. Factory managers focused on meeting monthly production targets, and with few exceptions our technological development stagnated, resulting in the gradual loss of our comparative advantage over Western manufacturers. Eventually, only 3 to 5% of Czech exports were of top quality.<sup>40</sup>

In 1989 the Velvet Revolution replaced the communist structures. State companies were privatized, and many businesses and properties were returned to the pre-communist owners. Monopolies were cancelled, and competition replaced central planning<sup>41</sup>. The integrated communist-block markets fell apart, as the Eastern markets had no money, the Russians stopped buying weapons system parts, and consumers wanted to buy western products. The west had money, and factories shifted production to exports to the West. In 1989, 56% of Czechoslovakia's foreign trade was with the former Soviet block, but by the end of 1992 it was only 27%.<sup>42</sup>

In January 1993 Czechoslovakia's "Velvet Divorce" created the Czech Republic and the Slovak Republic. International companies bought and built factories in both countries, and international banks advertised easy credit to consumers now at liberty to buy anything they wanted. The value of trade with European Union member states increased by 300%.<sup>43</sup> In 1994 turnover in foreign trade was 835.4 billion CZK. Import increased by 13.1% and export by 6.9%. The west wanted low-cost goods and we wanted western products. Trade with the Slovak Republic actually fell by 25%, but turnover with other countries increased slowly from 1991 to 1994. Turnover with developed countries went up by 62% in 1994 in comparison with 1993.<sup>44</sup>

Exports of the Czech Republic to the EU between 1995- 1999 increased with motor vehicles, parts and accessories for motor vehicles, other general purpose machinery, electricity distribution and control apparatus and machinery for production or use of mechanical power. On the other hand, the biggest decline was with basic chemicals, clothing, raw iron and steel, ferrous-alloys, footwear and agriculture and forestry machinery.<sup>45</sup>

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<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> <http://web.archive.org/web/20080611163741/www.czech.cz/en/economy-business-science/general-information/foreign-trade/foreign-trade-of-the-czech-republic/>, extracted July 16, 2010

<sup>42</sup> <http://www.nationsencyclopedia.com/Europe/Czech-Republic-FOREIGN-TRADE.html>, extracted July 16, 2010

<sup>43</sup> <http://web.archive.org/web/20080611164957/www.czech.cz/en/economy-business-science/general-information/foreign-trade/trade-balance/>, extracted July 16, 2010

<sup>44</sup> <http://www.czech.cz/en/87958-history-of-foreign-trade>, posted January 25, 2010

<sup>45</sup> <http://www.nyu.cz/student-life-1/student-events/essays/foreign-trade-and-exchange-rate-development-in-the-czech-and-slovak-republics-since-the-split>, posted November 8, 2001

The Czech Republic became a member of the European Union on May 1, 2004 and we adopted the common trade policy (CTP), which means an independent policy toward third countries.<sup>46</sup> Most barriers to trade with the EU fell. In 2005 the EU countries absorbed 84.1% of Czech exports. Thanks to Czech's good position in the center of Europe, highly qualified labor, low production costs, our long tradition of industrial production and developed infrastructure, we became attractive for foreign investors.<sup>47</sup>

Czech foreign trade ended in 18.3 billion CZK surplus for the month of March 2010. Export grew by 12.7% and imports by 15.8%. Exports of machinery and transport equipment rose by 13.1% and the biggest increase was with road vehicles, electrical machinery, apparatus and appliances and automatic data-processing machines.<sup>48</sup>

#### **4. The Comparative Advantages of the Czech Nation**

Strengths and weaknesses of a country are often described in terms of comparative advantages. A comparative advantage should not be compared with an absolute advantage. OP Prostějov produces much better clothes than Bangladesh. We have the advantage of better technology, more experience, and we are closer to the European market.<sup>49</sup> But we are good at many things, and so we have many opportunities. Therefore our workers get much more than in Bangladesh. The workers in Bangladesh can make mediocre clothes, but they do not have the opportunity to do almost anything else for export.<sup>50</sup> Therefore we can say that Bangladesh has a comparative advantage in clothing, not because they are so good, but because they are so bad at everything else.<sup>51</sup> For this reason, even Czechs buy clothes from Asia, and OP Prostějov is in restructuralization, between insolvency and potential bankruptcy.<sup>52</sup>

So what exactly are the comparative advantages of our country? Many theorists examine what we export, assume that we must have a comparative advantage in that item, and

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<sup>46</sup> <http://web.archive.org/web/20080429065924/www.czech.cz/en/economy-business-science/general-information/foreign-trade/the-strategy-of-promoting-the-commercial-economic-interests-of-the-czech-republic-within-the-eu/>, extracted July 16, 2010

<sup>47</sup> <http://web.archive.org/web/20080611164957/www.czech.cz/en/economy-business-science/general-information/foreign-trade/trade-balance/>, extracted July 16, 2010

<sup>48</sup> [http://www.ceskenoviny.cz/tema/zpravy/czech-foreign-trade-ends-in-kc18-3bn-surplus-in-march-csu/473817&id\\_seznam=2111m](http://www.ceskenoviny.cz/tema/zpravy/czech-foreign-trade-ends-in-kc18-3bn-surplus-in-march-csu/473817&id_seznam=2111m) posted May 7, 2010

<sup>49</sup> <http://www.praguepost.com/print/4344-textile-maker-needlessly-went-bankrupt-critics-say.html>, posted May 5, 2010

<sup>50</sup> <http://www.dailyrecord.co.uk/news/uk-world-news/2010/07/01/riots-in-streets-of-bangladesh-as-clothes-workers-protest-over-pay-86908-22374261/>, posted July 1, 2010

<sup>51</sup> Ibid.

<sup>52</sup> <http://www.praguepost.com/print/4344-textile-maker-needlessly-went-bankrupt-critics-say.html>, posted May 5, 2010

seek out ways to explain their theory. This is good for their theory, but it has no predictive power. The purpose of this paper is to go beyond this standard academic approach, and look to the actual situation in our country, so as to identify not just the comparative advantages that are being utilized now, but to identify unrecognized potentials, so as to suggest products and industries for future development.

The way to understand our present strengths and weaknesses starts with an examination of our history. The empty hills of Čech and Lech were just a myth. The native Celts had been driven west by German tribes, and the Slavic Tribes displaced the Germans. Czechs today are a hardy mixture of the survivors of these three groups.<sup>53</sup> The greatest period of Czech growth occurred due to King John of Luxemburg and his Czech son, Charles the Fourth. King John devoted his life to building political / military alliances. It was said that no battle in Europe could begin without King John. In his final hour, as all the allies of the French fled the longbows of the English, King John reportedly stated “*God shall never see a Czech King flee from battle*” and charged with his men to their deaths.<sup>54</sup>

Although Libuše had envisioned Prague as the threshold to the stars<sup>55</sup>, it had to this point not been much to look at. A fundamental transformation occurred when Charles the Fourth brought in the finest artists, craftsmen, architects and engineers from all over Europe.<sup>56</sup> This transformed Prague like the importation of IT engineers from around the world transformed Silicon Valley.<sup>57</sup>

Charles is said to have designed the current layout of Prague new town himself. He built one of the greatest universities<sup>58</sup>, where soon after the movement to reform the Catholic Church started<sup>59</sup>, the reformation which brought us the modern world.<sup>60</sup> As mentioned, he brought in the most skillful and creative minds in Europe, and their descendents still make Czech creative and skilful nation.<sup>61</sup>

The Czech Republic has modern roads, rails, power lines, telecommunications, and important services such as hospitals and shops. We have a well developed retail

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<sup>53</sup> [http://hpgl.stanford.edu/publications/Science\\_2000\\_v290\\_p1155.pdf](http://hpgl.stanford.edu/publications/Science_2000_v290_p1155.pdf), posted November 10, 2000

<sup>54</sup> <http://bess.blog.cz/0803/jan-lucembursky-referat>, posted March 21, 2008

<sup>55</sup> <http://archiv.radio.cz/history/history02.html>, extracted July 16, 2010

<sup>56</sup> <http://arts.jrank.org/pages/16471/Prague-patronage-collecting.html>, extracted July 7, 2010

<sup>57</sup> [http://www.nytimes.com/2009/04/12/business/12immig.html?\\_r=1](http://www.nytimes.com/2009/04/12/business/12immig.html?_r=1), posted April 11, 2009

<sup>58</sup> <http://www.panovnici.cz/karel-IV>, extracted July 7, 2010

<sup>59</sup> <http://www.newadvent.org/cathen/07584b.htm>, extracted July 7, 2010

<sup>60</sup> [http://protestantism.suite101.com/article.cfm/after\\_darkness\\_light](http://protestantism.suite101.com/article.cfm/after_darkness_light), extracted July 7, 2010

<sup>61</sup> <http://arts.jrank.org/pages/16471/Prague-patronage-collecting.html>, extracted July 7, 2010

infrastructure.<sup>62</sup> We have developed universal education and a skilled workforce. Everything needed for further growth is in place.

Charles IV started Prague University.<sup>63</sup> We have many high level engineering universities. Czech has had universal education since Marie Terezie<sup>64</sup>, and our education system is one of the best in the world.<sup>65</sup>

We have reasonably priced workers, who can still afford a comfortable lifestyle.<sup>66</sup> In my opinion, even the “paneláks” (pre-fabricated steel-reinforced concrete panel apartment buildings) are better built than much housing for the middle class in America.

Central to Europe, in EU, and Czech exporters already do business in Euros.<sup>67</sup>

The biggest comparative advantage is that the Czech Republic has an excellent, well-established, and experienced industrial complex. 70 to 80 % of the industrial capacity of the now divided Austro-Hungarian Empire was in Czechoslovakia, immediately making it one of the top 10 most industrialized countries in the world.<sup>68</sup>

Under the independence of the First Republic industry was free to grow in size and diversity. Within two decades Czechoslovakia could boast tractor production, rail vehicle manufacture (Škoda Pilsen), 4 motorcycle manufacturers (Česká\_Zbrojovka\_Strakonice, Jawa\_Motors, Laurin\_&\_Klement, and Praga), 10 car and truck manufactures (Aero automobile, Aspa, Avia, Laurin & Klement, Praga, Škoda, Tatra, Walter (also producing aircraft engines), and Zbrojovka Brno), and an amazing 9 airplane manufacturers (Aero Vodochody, Avia, Beneš-Mráz, ČKD-Praga, Let Kunovice, Letov Kbely, Moravan, and Tatra), not even including the flourishing Bata Enterprises, who created many of their own suppliers, to accomplish their mission, as stated in their motto “*Bata has a shoe for every foot and every social class*”.<sup>69</sup>

Czech, with 967,760 cars in 2009, and Slovakia, with 461,340, produce more cars per capita than any other countries in the world.<sup>70</sup>

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<sup>62</sup>[http://www.ceeretail.com/88391/Density\\_of\\_retail\\_networks\\_in\\_the\\_Czech\\_Republic\\_comparable\\_to\\_some\\_of\\_the\\_western\\_countries\\_.shtml](http://www.ceeretail.com/88391/Density_of_retail_networks_in_the_Czech_Republic_comparable_to_some_of_the_western_countries_.shtml), posted June 29, 2010

<sup>63</sup><http://www.panovnici.cz/karel-IV>, extracted July 7, 2010

<sup>64</sup>[http://www.ucitelskenoviny.cz/obsah\\_clanku.php?vydani=33&rok=04&odkaz=nejvetsi.htm](http://www.ucitelskenoviny.cz/obsah_clanku.php?vydani=33&rok=04&odkaz=nejvetsi.htm), extracted July 24, 2010

<sup>65</sup><http://www.infoplease.com/ipa/A0923110.html>, extracted July 7, 2010

<sup>66</sup><http://www.bls.gov/news.release/pdf/ichcc.pdf>, posted March 26, 2009

<sup>67</sup> Interview with Aleš Winkler, senior project manager of Alfanametal, June 14, 2010

<sup>68</sup>[http://www.fact-index.com/h/hi/history\\_of\\_czechoslovakia.html#The%20early%20years%20%281918-1938%29%20\[The%20First%20Republic\]](http://www.fact-index.com/h/hi/history_of_czechoslovakia.html#The%20early%20years%20%281918-1938%29%20[The%20First%20Republic]), extracted July 3, 2010

<sup>69</sup><http://www.bata.com/us/news/news/news.php?id=634>, extracted July 4, 2010

<sup>70</sup><http://oica.net/category/production-statistics/>, extracted July 4, 2010



Low value, labor intensive electronics has definitely moved to China and surrounding countries, but highly inventive, state of the art electronics is still a Czech specialty.<sup>71</sup> We have the greatest military technology in the world, the Tamara radar system (now called Věra), which is so good we are not allowed to sell it to anyone except the American Government.<sup>72</sup>

Semtex is known around the world. The state of Israel has given credit for its existence as a state to the shipments of small arms from Czechoslovakia.<sup>73</sup>

We are one of the few countries in the world capable of carbon-free energy independence, as the soviets did not take all of our uranium.<sup>74</sup>

Although many credit the concept of the modern automobile, replacing the French/German system of using a drive shaft with an engine over the driving wheels, to Ferdinand Porche, it was actually invented in Czech by two brothers working at Tatra Corporation almost a century ago. *“Ferdinand Porsche’s design of the Beetle is a scaled-down version of the Tatra [97] (minus the fin). So much so that after decades of legal battles, VW finally settled and paid 3 million Marks to Tatra in 1961. (Ledwinka’s four-cylinder Tatra 97 was so embarrassingly similar to the VW then under development that the Nazi regime halted its production after their invasion of Czechoslovakia.)”*<sup>75</sup>

Tatra won the Paris – Dakar Lorry division 6 times between 1988 and 2001,<sup>76</sup> Skoda in Mladá Boleslav has recently been rated as the top car manufacturer in the world, ahead of Lexus (Toyota) and Mazda.<sup>77</sup>

Here in Olomouc, Alteredmed Corporation a.s.. created world class skin products, although it has been sold to a Belgium firm which now markets their products.<sup>78</sup> A Czech

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<sup>71</sup> <http://www.czechinvest.org/en/electrical-engineering-and-electronics>, extracted July 4, 2010

<sup>72</sup> <http://www.army.cz/scripts/detail.php?id=6159>, extracted July 6, 2010

<sup>73</sup> <http://www.militaryphotos.net/forums/showthread.php?133269-Czechoslovak-military-aid-to-Israel>, posted April 29, 2008

<sup>74</sup> [http://books.google.com/books?id=HIT1o985uKYC&pg=PA49&lpg=PA49&dq=uranium+resources+of+Czechoslovakia&source=bl&ots=2WwF67EWE4&sig=sTHywLaSfPMC2XuukzP4WV3LKS8&hl=en&ei=gRZPTKXBEaCWOKW9IYgB&sa=X&oi=book\\_result&ct=result&resnum=2&ved=0CBYQ6AEwAQ#v=onepage&q=uranium%20resources%20of%20Czechoslovakia&f=false](http://books.google.com/books?id=HIT1o985uKYC&pg=PA49&lpg=PA49&dq=uranium+resources+of+Czechoslovakia&source=bl&ots=2WwF67EWE4&sig=sTHywLaSfPMC2XuukzP4WV3LKS8&hl=en&ei=gRZPTKXBEaCWOKW9IYgB&sa=X&oi=book_result&ct=result&resnum=2&ved=0CBYQ6AEwAQ#v=onepage&q=uranium%20resources%20of%20Czechoslovakia&f=false), extracted July 6, 2010

<sup>75</sup> <http://www.thetruthaboutcars.com/a-brief-illustrated-history-of-tatra/>, posted January 5, 2008

<sup>76</sup> [http://www.motorsportsetc.com/champs/dakar\\_t.htm](http://www.motorsportsetc.com/champs/dakar_t.htm), extracted July 20, 2010

<sup>77</sup> <http://news.drive.com.au/drive/motor-news/skoda-named-top-car-manufacturer-survey-20100722-10mhq.html>, posted July 22, 2010

<sup>78</sup> [http://www.alacrastore.com/storecontent/Thomson\\_M&A/Omega\\_Pharma\\_NV\\_acquires\\_Alteredmed\\_Corp\\_as-2012240040](http://www.alacrastore.com/storecontent/Thomson_M&A/Omega_Pharma_NV_acquires_Alteredmed_Corp_as-2012240040), posted September 11, 2008

invented soft contact lenses, and it was we who even invented the modern science of genetics and also synthesized medications for AIDS and Hepatitis B.<sup>79</sup>

We must not forget the land itself. We have good temperate climate, sunny days, healthy rainfall, rolling hills, not too hot or cold, a nice place to live and raise a family. This is good for dairy products and especially for hops, and with this and our excellent spring water we have famous beer.

**The greatest advantage of the Czech Republic is the Czechs.** We have excellent engineers, experienced workforce, and well educated population.<sup>80</sup> Many of our professionals move abroad, and so in my opinion to keep and improve our competitive advantages we should encourage immigrants with useful skills and abilities, as Charles IV did when he imported the best and brightest to Czech<sup>81</sup>, and the results are still with us.

#### **4.1. Comparative Disadvantages**

No discussion of comparative advantages would be complete without an analysis of the areas of comparative disadvantage.

Although our climate is eminently suitable for dairy and many food crops, it is far cheaper to import exotic fruits. As can be seen by the producer labels in every supermarket, we now import fruits and vegetables both in and out of season.

Although Czech is excellent for tourism to spas and historical cities and castles, we lack seas and challenging ski mountains.

As already mentioned, cheap labor intensive products are best made elsewhere. We need to use our creative minds, not mindless hands.

### **5. Marketing**

Thus we can see that our international trade situation is a result of both our people and our environment. The road is neither easy nor clear. Even though there have been many obstacles to overcome, in many industries the Czechs are at the top of the field, and we have great potential in many more. The purpose of this diploma work is to show how we as a

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<sup>79</sup> [http://www.czelo.cz/dokums\\_raw/Biotechnology\\_in\\_Czech.pdf](http://www.czelo.cz/dokums_raw/Biotechnology_in_Czech.pdf), extracted July 7, 2010

<sup>80</sup> <http://www.eu2009.cz/en/czech-republic/business-opportunities/business-climate/business-environment-421/>, posted December 27, 2008

<sup>81</sup> <http://arts.jrank.org/pages/16471/Prague-patronage-collecting.html>, extracted July 7, 2010

nation may utilize our strengths, and overcome our weaknesses, utilizing the available means for us to excel at international export.

### **5.1. Choosing What to Market**

Given our competitive advantages, what should we market? Some products are more marketable than others. We have excellent bread, and such bread in America is an expensive health food product.<sup>82</sup> Czechs in America miss most Czech beer and bread. But bread is only good fresh, so there is no sense exporting it. A Czech bakery in Chicago can export our culture, but this paper deals with increasing our physical exports.

Another good product which would be hard to export is cement. We exported a lot to Germany since 1989, but its weight and low cost limit the profitable export range.<sup>83</sup>

Clearly export products must be sufficiently durable to enable export, and the final selling margin must warrant the transportation expenses and marketing investments.

However, the strategic analysis of choosing what to market will be dealt with in the final section, vision for the future.

### **5.2. Investigating Feasibility of Potential Target Markets**

After choosing suitable products for potential export, the next step is to choose target markets. Textbooks usually advocate test marketing, including an advertising campaign in a limited area, in order to delay costly product launches and marketing campaigns until some measure of confidence can be secured.<sup>84</sup> However, the Internet allows low cost global marketing. Simply create a web page with appropriate key words, and see where in the world customers arise. You can also offer various products on eBay, and see what sells well, and where.

The Internet is not just a substitute venue for marketing, the Internet allows us to do things not really possible before. For example, Internet advertising can offer virtual products. A company in the past would spend a lot of money to develop twenty product variations and

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<sup>82</sup> Interview with MUDr. Jan Hrbek, March 25, 2010

<sup>83</sup> [http://books.google.com/books?id=Tsv9PkeV9iYC&pg=PA109&lpg=PA109&dq=czech+cement+export+to+germany&source=bl&ots=PgYhyLNA&sig=0vuXoP97KF9YtcXFKGtLkW8tw9s&hl=en&ei=Li9RTN6SEYuGOOWv8KoI&sa=X&oi=book\\_result&ct=result&resnum=2&ved=0CBsQ6AEwAQ#v=onepage&q=czech%20cement%20export%20to%20germany&f=false](http://books.google.com/books?id=Tsv9PkeV9iYC&pg=PA109&lpg=PA109&dq=czech+cement+export+to+germany&source=bl&ots=PgYhyLNA&sig=0vuXoP97KF9YtcXFKGtLkW8tw9s&hl=en&ei=Li9RTN6SEYuGOOWv8KoI&sa=X&oi=book_result&ct=result&resnum=2&ved=0CBsQ6AEwAQ#v=onepage&q=czech%20cement%20export%20to%20germany&f=false), extracted July 28, 2010

spend a lot of money test marketing each version. But now a company can create a picture and specifications of a product that does not exist, and advertise it as if it were an existing product for a short time. If they get a lot of orders, they know the product is sellable, and then they can actually create it. If only a few are ordered, they can tell the customers that the item is no longer available, and ask if they would like to choose a similar product, perhaps with a courtesy discount.

However chosen, the initial selection of potential target markets for further investigation gradually transforms itself into the process of detailed analysis of each market. As soon as any reason is found to eliminate a market from your potential list, further research can be eliminated, and resources are focused on the remaining viable candidates.<sup>85</sup>

Most textbooks state that we need to decide if we are to export. However, this choice is not usually applicable to the Czech Republic because we are too small stay domestic. In this era of using intensive capital investment to achieve economies of scale (meaning decreasing unit costs through large scale production), most large-scale industrial enterprises would not be viable targeting only our domestic market.<sup>86</sup>

One aspect affecting the decision to market a product is to calculate the size of the potential target market, which may vary greatly from population size. Nigeria has a larger population than Germany<sup>87</sup>, but the potential market for Bohemian Crystal is probably too small to justify a factory outlet, so the best marketing plan for Nigeria might be to partner with existing luxury retailers, with a limited consignment stock of second quality goods.

Exporting to EU countries is the easiest, due to proximity, similar cultures, and the large common market.<sup>88</sup>

Market size is only one aspect of market potential. The critical consideration is the competition and their existing products. Textbooks say that you cannot succeed in penetrating an established market unless you have a better product or a better price.<sup>89</sup> In

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<sup>84</sup> SVĚTLÍK Jaroslav. *Marketing pro evropský trh*. 1.vyd. Praha: Grada Publishing, a.s. v roce 2003. 272 str., ISBN 80-247-0422-6, page 86

<sup>85</sup> MACHKOVÁ H., ČERNOHLÁVKOVÁ E., REBUFFAT M.. *Mezinárodní obchodní operace*. 2.přepřacované vydání, Praha: HZ v roce 2000, 226 stran, ISBN 80-86009-34-3, page 11-13

<sup>86</sup> Ibid., page 11

<sup>87</sup> [http://www.nationmaster.com/graph/peo\\_pop-people-population](http://www.nationmaster.com/graph/peo_pop-people-population), extracted July 29, 2010

<sup>88</sup> SVĚTLÍK Jaroslav. *Marketing pro evropský trh*. 1.vyd. Praha: Grada Publishing, a.s. v roce 2003. 272 str., ISBN 80-247-0422-6, page 118

<sup>89</sup> KOTLER Philip. *Marketing Management*. 9<sup>th</sup> ed. published in Upper Saddle River (New Jersey) by Prentice Hall in 1997. 789 pages, ISBN 0-13-243510-1, page 404-405

reality, however, it is possible to sell an inferior product at a higher price through the power of marketing. For example, Altermed Corporation claims that their face creams, which they sell for 1.4 Euro to a marketer in Britain, is better than the Vichy products.<sup>90</sup> But we can still see Vichy products in the pharmacies.

The most expensive part of exporting is the final retail establishments. Few companies control their product all the way through to the sale to the final retail customer. Marketing partners can be valuable, with little risk. For example, the public trusts pharmacists, so Vichy sends their very expensive products exclusively through pharmacists (until this was ruled illegal by the European Commission Decision of 11 January 1991)<sup>91</sup> as a consignment stock, i.e. the pharmacist pays nothing until after the products are sold. The pharmacist sells the product for twice what he eventually pays for them. Thus, a product selling for 2000 crowns earns him cash flow of 2000 crowns, and after paying Vichy and VAT he keeps a profit of 820 crowns. If the pharmacist were to sell a local product for 80 crowns, he would earn perhaps 20 crowns, and before the product sells, he needs to buy the product, so the initial cash flow would be negative.

Vichy offers further pressure, by advertising that Vichy is available at the better pharmacies, giving the impression that any pharmacy which does not sell Vichy products is inferior, and thus should not be trusted to sell them medicine of any kind.<sup>92</sup>

Faced with the decision with earning 20 crowns and giving the customer the best value for the money, or earning 800 crowns and having a fine reputation, the result we may all observe is that many pharmacies sell Vichy products, and many other foreign products as well, and Czech pharmacies look very different than 20 years ago.<sup>93</sup> Thus we can see that higher priced products have gained market share in the Czech Republic through extensive marketing programs.

### 5.3. Modes of Entry

As we see from the above example of Vichy, bringing a product to market on a large scale usually requires the cooperation of many people. This cooperation can come in various forms, typically referred to as modes of market entry, which vary as to the nature of

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<sup>90</sup> Interview with MUDr. Petr Otepka, founder and former owner of Altermed Corporation, a.s., April 2, 2008

<sup>91</sup> [http://eur-lex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&numdoc=391D0153&lg=en](http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&numdoc=391D0153&lg=en), posted March 21, 1991

<sup>92</sup> <http://www.vichyusa.com/us/en/customerservice/faq.aspx>, extracted July 30, 2010

ownership and control of the product, production, and distribution. The company can rely on independent parties, enter into some sort of partnership, or do the work itself.

It is natural for travelers to bring back souvenirs as presents for friends and family. Frequent travelers bring back the most popular items. Entrepreneurial types bring back a lot of them even to sell. This could be called passive exporting, the company does nothing.

The next more intensive step is occasional exporting, where the company ships directly to a foreign customer, either just filling an order, or actively seeking orders.<sup>94</sup>

Active exporting involves the decision to actively seek a continuing market presence. This can be done through a foreign language internet page, with delivery through normal post. This works well for items that are a lot more expensive than the postage, if customers can wait a few days for the product.<sup>95</sup>

In order to offer immediate delivery from stock on hand, and for a retail presence, a company may make arrangements with independent foreign distributors and retail stores for indirect exporting.<sup>96</sup>

If a distributor sells products from many producers, the producer does not have to assure the distributor of an income, but the distributor cannot focus all his efforts onto the one product.

A company might attract an exclusive distributor by offering an exclusive distributorship contract for an area, which would give the distributor an incentive to spend their own time and money to advertise and promote the product. On the other hand, the monopoly could cause the exclusive dealers to seek to maximize their own profits by minimizing their advertising expenses and raising the retail price. This would be great for them, because they would still earn more from selling less, but of course be bad for the producer. Therefore, exclusive dealership contracts are complicated, with many contractual obligations.<sup>97</sup>

If a producer is not satisfied with independent distributors, he might choose to start a daughter company, either with a foreign partner (Joint Venture) or a wholly-owned subsidiary.<sup>98</sup>

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<sup>93</sup> Interview with Libuše Havlová, July 29, 2010

<sup>94</sup> KOTLER Philip. *Marketing Management*. 9<sup>th</sup> ed. published in Upper Saddle River (New Jersey) by Prentice Hall in 1997.789 pages, ISBN 0-13-243510-1, page 409

<sup>95</sup> *Ibid.*, page 409

<sup>96</sup> *Ibid.*, page 409

<sup>97</sup> <http://www.megadox.com/d/392>, extracted July 30, 2010

<sup>98</sup> McCARTHY E. Jerome, PERREAULT D. WILLIAM. *Basic Marketing: A Managerial Approach*.10<sup>th</sup> ed. published in Boston by IRWIN in 1990.734 pages, ISBN 0-256-08398-3, page 576-577

Products which require expensive machinery to produce, are cheap to transport, and are not subject to import tariffs are often made in just one factory if capacity permits. Lacking any of these conditions might be a reason to produce the product in the target market.

Daughter companies offer total control and limited liability, but require either buying a local producer or starting from scratch. Partnerships and Joint Ventures can combine the strengths of both parties if they work well together, but profits must be shared and neither has control and is at risk due to possible adverse actions by the other.<sup>99</sup>

Licensing involves trusting another firm with the international reputation, trade secrets, knowhow, and other intellectual property, and surrendering total control over day to day activity,. The Licensee assumes the financial risks, but a large share of the profits as well. Even if the Licensee signs a non-compete contract, the employees may use the new knowledge to set up competing firms<sup>100</sup>

In order to keep a monopoly on their product, producers may conduct the most sensitive operations at home. Key parts may be sent abroad for local manufacture of finished products.<sup>101</sup> Coca-Cola has bottling plants all over the world, but all the secret recipe syrup is produced in Atlanta Georgia, and the full recipe is known to only two executives.<sup>102</sup>

Contract or “private label” production limits operations setup costs and risks, but necessitates trusting others with trade secrets. Chinese firms are rumored to run secret night shifts to produce black market products.<sup>103</sup>

Franchises, popular with fast food, hotel, and corporate services, offer symbiotic dynamics. The Franchiser provides experience and training in every aspect of the business, and closely supervises the Franchise to protect the international reputation. The Franchisee benefits from the international brand, and assumes all the financial risks, and has the profit motivation to make sure the workers are productive and obey the regulations. Violating the regulations forfeits the franchise.<sup>104</sup>

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<sup>99</sup> Ibid, page 576-577

<sup>100</sup> BERKOWITZ N. Eric, KERIN A. Roger, HARTLEY W. Steven, RUDELIUS William. *Marketing* . 4<sup>th</sup> edition published in Bur Ridge (Illinois) by IRWIN in 1994, 778 pages, ISBN 0-256-13221-6, page 659

<sup>101</sup> Ibid., page 659

<sup>102</sup> <http://www.snopes.com/cokelore/formula.asp>, posted March 13, 2007

<sup>103</sup> McCARTHY E. Jerome, PERREAULT D. WILLIAM. *Basic Marketing: A Managerial Approach*. 10<sup>th</sup> ed. published in Boston by IRWIN in 1990. 734 pages, ISBN 0-256-08398-3, page 576

<sup>104</sup> MACHKOVÁ H., ČERNOHLÁVKOVÁ E., REBUFFAT M.. *Mezinárodní obchodní operace*. 2. přepracované vydání, Praha: HZ v roce 2000, 226 stran, ISBN 80-86009-34-3, page 35-36

## 5.4. Modification of Product and Marketing

In my opinion a firm should research the target market for opportunities to modify their product and marketing. Advisors offer this service professionally, or a firm can hire a few local college students to informally seek the opinions personally from the locals, individually or in focus groups, or impersonally through surveys. Participants are usually given samples or symbolic presents, and coupons for future purchases of the product.

If there are no significant cultural differences relating to the use of your product, you can market your product without modification, called the “global approach”. If changes are needed, this is called the “customized approach”.<sup>105</sup> When hiring international celebrities to endorse your product, hire those with the intelligence and skill to learn a few choice phrases in each language in your campaign. This will give your product the local touch, especially if you do not modify your product to that market.

Even if a product is suitable for the target market without modification, the producer must decide whether to use a global marketing campaign with a translation of the text to the local language, or a customized approach.<sup>106</sup> In reality, you should always be making improvements to your product and marketing strategy, and moving into a new market is an excellent opportunity to bring new ideas and improvements.

## 5.5. Institutions Available to Help Potential Exporters

The Czech Republic has established several institutions to help potential exporters by providing general advice, giving information about regulations, foreign markets and competition, suggesting possible partners, and arranging needed financing and other services.

The Czech Trade Promotion Agency/ CzechTrade was created by the Czech Ministry of Industry and Trade in May 1997 “*to promote international trade and cooperation between Czech and foreign companies*”. *CzechTrade helps* small companies which do not have affordable access to the resources and experience to launch a successful international marketing campaign. It serves both Czech producers and foreign importers of Czech products. The Czech Republic contains 13 regional offices where anyone can seek help in all aspects of marketing their Czech products abroad. CzechTrade will suggest international business

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<sup>105</sup> BERKOWITZ N. Eric, KERIN A. Roger, HARTLEY W. Steven, RUDELIUS William. *Marketing* . 4<sup>th</sup> edition published in Bur Ridge (Illinois) by IRWIN in 1994, 778 pages, ISBN 0-256-13221-6, page 646-647

<sup>106</sup> *Ibid.*, page 646-647



partners, advises you how to get EU funding when exporting within the European Union, finds sources of new technologies, advises you on issues including intellectual property rights, going international, laws and standards. Services are officially billed at individual rates, but in general they charge 700 crowns per hour plus VAT.<sup>107</sup> More information available <http://www.czechtrade.cz/>.

Another agency available to help is the Investment and Business Developing Agency/ CzechInvest, established by the Czech Ministry of Industry and Trade in 1992, promotes the Czech Republic as a good place to start a factory, advertises the various benefits to foreign investors such as tax holidays and subsidized building lots, encourages foreign investment in general, provides current information on business condition here, and helps foreign investors deal with the rules and regulations and set up factories here. It also helps domestic companies to grow and develop through various services and development programs.<sup>108</sup> It has 13 regional offices<sup>109</sup>, and all services are free of charge. For more information go to <http://www.czechinvest.org/>.

The Czech Export Bank, established in 1995, finances export activities by providing “*state support for exporters through the provisions and financing of export credits and other services connected with exporting. The recipient of such financial support might be an exporter (a legal entity with registered office in the Czech Republic or in a few cases even a natural person with permanent residency here), or their foreign customer*”.<sup>110</sup> More information available <http://www.ceb.cz/>.

The Export Guarantee and Insurance Corporation, a state export credit agency founded in June 1992, offers various types of insurance on Czech exports, including “*eleven basic types of insurance to insure export credits against political risks and against the many of political and non-marketable commercial risks*”.<sup>111</sup> More information available <http://www.egap.cz/>.

There are many legal issues involved with exporting, involving product regulation in the target market, export regulations (like in the case of Tamara radar), import regulations, tax regulations, treaties, and so forth. These change without notice, so for the current regulations it is best to contact Czech Invest (see contact information in Appendix 1). Tariffs can be

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<sup>107</sup> <http://www.czechtradeoffices.com/en/about-czechtrade/profile/>, extracted March 15, 2010

<sup>108</sup> <http://www.czechinvest.org/en/about-czechinvest>, extracted March 15, 2010

<sup>109</sup> <http://www.czechinvest.org/o-czechinvestu>, extracted March 15, 2010

<sup>110</sup> <http://www.ceb.cz/content/view/35/14/>, extracted March 15, 2010

<sup>111</sup> <http://www.egap.cz/o-nas/profil-spolecnosti/index-en.php>, extracted March 13, 2010

found at the following web site: [http://ec.europa.eu/taxation\\_customs/dds/cgi-bin/tarchap?Lang=CS](http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=CS)

Having presented theoretical issues and advice, how might all the above work in practice? The following actual example shows how Czech firms have risen from obscurity to international success.

## 6. Case Studies

### 6.1. Hamé, s.r.o.

Hamé, s.r.o. is now the largest Czech food processing firm, specializing in canned, jarred, and refrigerated products, including meat, jams, fruits and vegetables, pickled vegetables, condiments, syrup and baby food. But their journey has not been easy and could have ended up very differently.

Armenia	Israel	Hungary	Croatia
Australia	Japan	Moldavia	Russia
Azerbaijan	Canada	Mongolia	Slovakia
Belarus	Kazakhstan	Germany	Slovenia
Bosnia and Herzegovina	Kosovo	Netherlands	Spain
Bulgaria	Liberia	New Zealand	Turkmenistan
Denmark	Libya	Poland	Ukraine
Estonia	Lithuania	Austria	USA
Georgia	Latvia	Romania	Great Britain



FIGURE ONE<sup>112</sup>

<sup>112</sup> Figure One available at < <http://www.hame.cz/en/about-company/in-the-world/> >, extracted March 26, 2010

## HAMÉ s.r.o. - turnover development between 1991 - 2008

The turnover figures are stated in millions CZK.

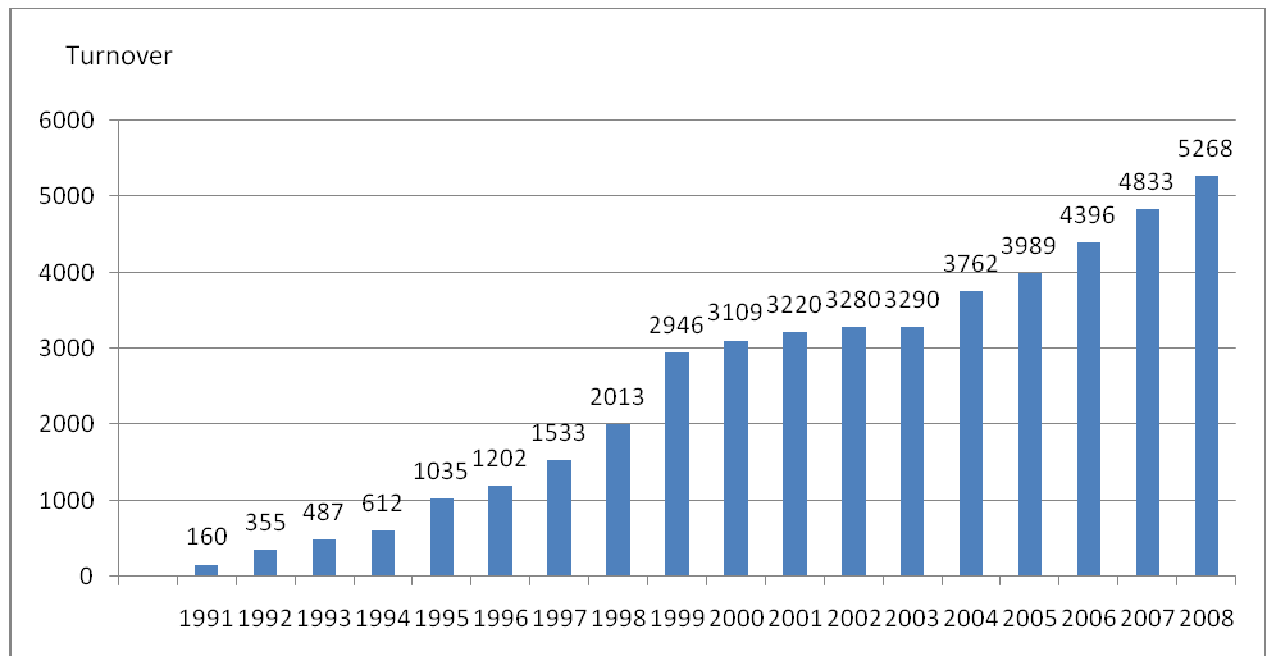
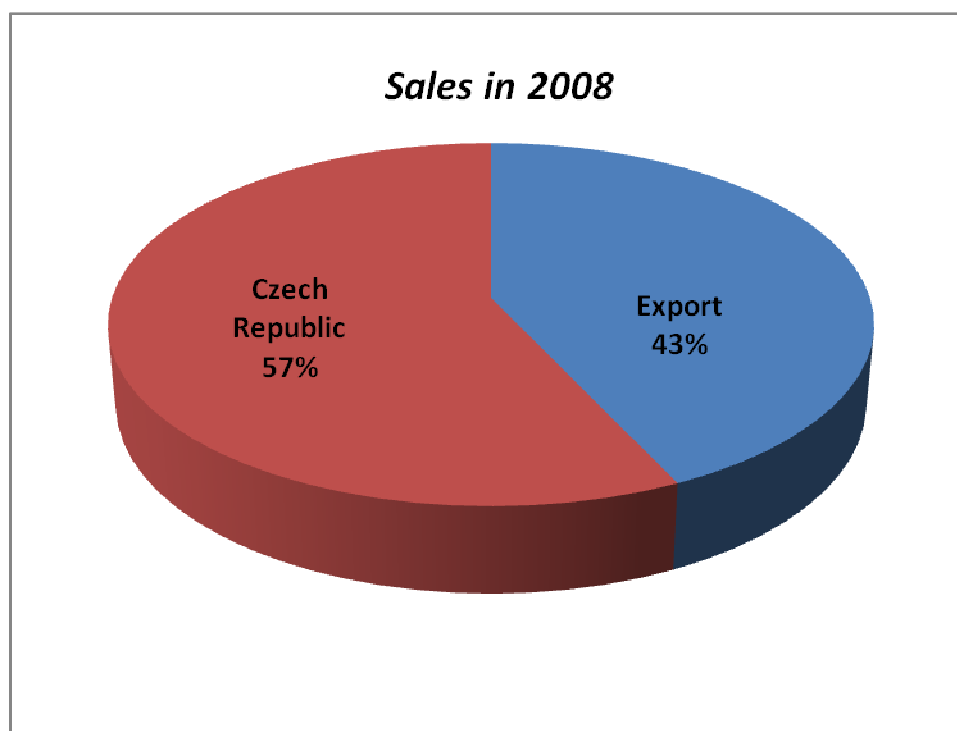


FIGURE TWO AND THREE<sup>113</sup>



<sup>113</sup> Figure Two and Three numbers available at < <http://www.hame.cz/o-firme/profil/> > , extracted March 26, 2010

Current production of over 100 000 tons of ready made foods<sup>114</sup>

Hamé can trace its history back to 1922, when a cannery was founded in Babice near Uherské Hradiště. At first they specialized just in making fruit jams, juices and spirits. In 1933 the company was acquired by a Brno company, Biochema, which brought the business trade name Hamé which means in ancient Irish “home”. Later the company was transformed into a national corporation, and Hamé, a.s. was founded on 10<sup>th</sup> June 1992 from the state business Biofruct Babice. Since then Hamé has strengthened its position on Czech market by acquiring other businesses such as Pika Bzenec, Fruta Podivín, Otma and others.<sup>115</sup>

Under communism, customers were happy if the store had what they wanted in stock, and people bought whatever was offered,<sup>116</sup> so there was not need for marketing, and fights about market share were limited to the producers trying to DECREASE their required production quota.<sup>117</sup>

After the removal of Soviet control in 1989, businesses were privatized.<sup>118</sup>

Producers could now choose whether to be a mass producer or a premium producer. Polish producers of baby food, for instance, chose lower price (and this led to much lower quality). Even though Hamé now faced heavy competition from Nestle, Hamé decided to be a

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<sup>114</sup> <http://www.hame.cz/o-firme/profil/>, extracted March 27, 2010

<sup>115</sup> [http://www.financninoviny.cz/os-finance/zpravy/hame-prevezme-vyrobu-a-distribuci-vyrobku-seliko/427268&id\\_seznam=](http://www.financninoviny.cz/os-finance/zpravy/hame-prevezme-vyrobu-a-distribuci-vyrobku-seliko/427268&id_seznam=), January 21, 2010

<sup>116</sup> [http://books.google.com/books?id=KDXyzl9N6jAC&pg=PA7&lpg=PA7&dq=communism+in+czechoslovakia+%22availability+of+goods%22+-Republic+-Labor&source=bl&ots=sapjXSe9&sig=1k6AmtWCUrljQ71IjoPc5SK-TJg&hl=en&ei=Yno8Tib3OsOCOOj32PQO&sa=X&oi=book\\_result&ct=result&resnum=4&ved=0CBoQ6AEwAw#v=onepage&q&f=false](http://books.google.com/books?id=KDXyzl9N6jAC&pg=PA7&lpg=PA7&dq=communism+in+czechoslovakia+%22availability+of+goods%22+-Republic+-Labor&source=bl&ots=sapjXSe9&sig=1k6AmtWCUrljQ71IjoPc5SK-TJg&hl=en&ei=Yno8Tib3OsOCOOj32PQO&sa=X&oi=book_result&ct=result&resnum=4&ved=0CBoQ6AEwAw#v=onepage&q&f=false), extracted June 12, 2010

<sup>117</sup> [http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBIOFjAA&url=http%3A%2F%2Fdaphne.palomar.edu%2Ffile%2FEconomics%2520110%2520Chapter%252012%2520%2520The%2520Communist%2520Economy%2520of%2520the%2520Former%2520Soviet%2520Union.doc&rct=j&q=First%2C%20there%20were%20incentives%20for%20meeting%20the%20plan%20targets.%20%20We%20discuss%20central%20planning%20in%20the%20next%20section.%20%20There%20were%20many%20plan%20targets%20to%20meet.%20%20But%20the%20one%20with%20the%20greatest%20rewards%20was%20the%20target%20for%20production.%20%20Meeting%20the%20production%20target%20would%20bring%20the%20managers%20of%20the%20enterprises%20considerable%20financial%20reward%20%28a%20bonus%20that%20could%20add%20025%25%20to%2030%25%20to%20one%20E2%80%99s%20income%29%20as%20well%20as%20prestige.%20Consistent%20failure%20to%20meet%20the%20production%20targets%20meant%20the%20loss%20of%20the%20bonus%2C%20reduced%20promotion%20prospects%2C%20and%20possibly%20the%20loss%20of%20one%20E2%80%99s%20job.&ei=dHZBTNSkBI\\_LOJiXsJON&usq=AFQjCNGrzWYQm4FBI\\_0aaCmco8z-WTXO3A](http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBIOFjAA&url=http%3A%2F%2Fdaphne.palomar.edu%2Ffile%2FEconomics%2520110%2520Chapter%252012%2520%2520The%2520Communist%2520Economy%2520of%2520the%2520Former%2520Soviet%2520Union.doc&rct=j&q=First%2C%20there%20were%20incentives%20for%20meeting%20the%20plan%20targets.%20%20We%20discuss%20central%20planning%20in%20the%20next%20section.%20%20There%20were%20many%20plan%20targets%20to%20meet.%20%20But%20the%20one%20with%20the%20greatest%20rewards%20was%20the%20target%20for%20production.%20%20Meeting%20the%20production%20target%20would%20bring%20the%20managers%20of%20the%20enterprises%20considerable%20financial%20reward%20%28a%20bonus%20that%20could%20add%20025%25%20to%2030%25%20to%20one%20E2%80%99s%20income%29%20as%20well%20as%20prestige.%20Consistent%20failure%20to%20meet%20the%20production%20targets%20meant%20the%20loss%20of%20the%20bonus%2C%20reduced%20promotion%20prospects%2C%20and%20possibly%20the%20loss%20of%20one%20E2%80%99s%20job.&ei=dHZBTNSkBI_LOJiXsJON&usq=AFQjCNGrzWYQm4FBI_0aaCmco8z-WTXO3A), extracted June 12, 2010

<sup>118</sup> <http://web.archive.org/web/20080611163741/www.czech.cz/en/economy-business-science/general-information/foreign-trade/foreign-trade-of-the-czech-republic/>, extracted July 16, 2010

premium brand, with higher quality than Nestle, with a price slightly higher than the cheapest brands, but still significantly lower than Nestle.

In 1991 Hamé sold only 160 million Crowns of products. To keep this little fish from being eaten, they fought on all sides. They knew they had to increase sales, profits, and share prices, so they would be more difficult to swallow.

Hamé increased prices, supporting this move to the higher end of the market by intensive and creative marketing, aimed not only at adults, but also children, including support of the evening children's fairy tale.

Hamé bought competitors, so they could raise both sales and, with less competition, prices as well. Through acquisitions Hamé increased the breadth of products offered. And with the extra capacity, Hamé started exporting to new markets.

The new export markets are the real subject of this diploma work, but this case study shall also describe the other aspects of their growth strategy so as to give the context of their export plans, because all their plans are inter-related.

To keep from being swallowed, it is important for the stock prices to be so high that it would cost too much to buy a controlling interest in the company. High stock prices usually arise because no one wants to sell, which happens usually for a combination of three causes. The first is when a small group of owners or family business can agree not to sell shares to outsiders. Hamé was initially owned by just one man. The second cause is that the shareholders believe the share prices will rise further in the future. The third is that the company is very profitable. And the way to profitability is to increase prices, increase production, and lower expenses.

Probably about half the increase in sales volume in the last 20 years is due to inflation of food prices, and this does not really count domestically in comparison to competitors, but the other half of the growth has been real.

Raising prices is a quick way to gain profits. Hamé could do this because it had good quality prices and a good reputation. Not to leave anything to chance, Hamé started advertising heavily, to keep prestige in the minds of customers. And Hamé kept up quality standards, which is critical for reputation, especially in the case of food for our children. One scandal could ruin a reputation that took a lifetime to build.

In order to keep from being bought, Hamé bought companies both domestically and abroad, more details of which is described later. Some of these acquisitions eliminated competitors, a sure way to be able to raise prices. Companies that were not direct competitors

were even more important, giving Hamé a wider product range. The wide product range is important not just for the increased sales, but because the advertising budget of the Hamé brand is a fixed cost, and spreading it over more products decreases the advertising expenses per product, making each product more profitable.

But the most interesting and least understood strategy to protect itself from being bought by western competitors was to sell in western markets, even if the sales in those countries were to be lower than the advertising expenses. In fact, the more Hamé lost, the safer Hamé was.

One might ask how would losing more money be better, when you want to be profitable so as to have a high share price and not be bought.

The key to this enigma is that wealth and poverty are relative. In order to not be swallowed, you can either make sure you are big, or make sure that your competitor is poor. The foreign firms are rich because they sell their products at a high price in their own markets, and this profit enables them to buy foreign firms.

By selling excellent products in western markets at less than it cost to advertise them, Hamé pushes Nestle to also sell products at a lower price, which hurts Nestle profits much more than Hamé.

In the world of mergers and acquisitions, this has an exponential effect. Let us look at a theoretical example of how a small company with adequate liquidity can destroy the acquisition plans of a big company through aggressive price competition.

Let us assume that Nestle initially makes a gross margin of 30%, fixed expenses of 20%, and net profit of 10%.

The competition from Hamé forces Nestle to lower prices 10%, dropping the gross margin to 20%. But the fixed expenses remain (or, like advertising, might go up). Therefore, profit goes to zero.

Nestle suddenly does not have cash to buy Hamé. But the damage to Nestle does not stop there. The value of a company's shares is, historically, between 5 times to 50 times the annual profit. If profits go to zero, share prices do not go to zero, but they do drop significantly. And the change in profits year to year is even more important than the actual profit levels!

Acquisitions are often financed by using new shares of the big company to buy the little company. Not only would Hamé be too expensive, the price being too high in number of shares, but also Hamé shareholders would not want shares that loose money.

The result of this dynamic is sometimes called a “price war”, with competitors loosing everything hoping to be the lone survivor.

An actual example of this strategy can be seen in an examination of the marketing strategy of Toyota in the 1960s and 1970s. “*Japan flooded the world with products of unparalleled quality.*”<sup>119</sup> And the cars were originally at much lower prices. Now, Toyota is now the number one producer in the world,<sup>120</sup> outperforming companies with impressive acquisition records like Chrysler (which had aquired American Motor Company which had bought Jeep which had bought Willies)<sup>121</sup> and General Motors (a conglomeration of various acquired companies including Chevrolet, Buick, Oldsmobile, Cadillac, Opel, and SAAB)<sup>122</sup> have been humiliated by bankruptcy.<sup>123</sup>

In the opinion of this author, Czech companies should copy the example of Toyota to increase market share abroad, and to some extent, Hamé is doing just that.

As for Hamé, decisions to enter a new country used to be made by the one owner. Timing and allocation of resources are critical. Money for further growth came from new investors, and now the decisions are made by the Board of Supervisors, before paying for a subsequent market survey, whose purpose is to verify the feasibility of entering that market, to make sure that they have not made a mistake, and to make sure that there is no significant unforeseen information which might change their marketing plan. Bulgaria and Romania were surveyed; Russia was not surveyed because the owner already understood this market.

Hamé used to use Czech Trade services, but quickly learned how to do a better job themselves.

When Hamé was privatized in 1992, there were 40 canners in the Czech market. The market has since consolidated, and the survivors can be “counted on one hand”.<sup>124</sup> There were three reasons for this consolidation.

First in Advertising. A national TV commercial usually costs the same whether you sell one product or a thousand, so the more varied the product line, and the more widespread the distribution, the cheaper the effective advertising is.

Second, in distribution. The small “Jednota” stores of communism were largely replaced by large chains of supermarkets, and then by Hypermarkets, and these large chains

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<sup>119</sup> [http://www.deming.ch/downloads/E\\_Toyota.pdf](http://www.deming.ch/downloads/E_Toyota.pdf), posted April 1, 2005

<sup>120</sup> <http://www.worldcarfans.com/109012116438/toyota-tops-gm-as-no1-automaker>, January 21, 2009

<sup>121</sup> <http://www.carforums.net/showthread.php?t=26878>, posted February 3, 2006

<sup>122</sup> <http://clubs.hemmings.com/clubsites/chevytalk/GMhistory/GMCOMPANIES.html>, extracted July 7, 2010

<sup>123</sup> <http://online.wsj.com/article/SB123845591244871499.html>, posted March 31, 2009

<sup>124</sup> <http://aktualne.centrum.cz/ekonomika/domaci-ekonomika/clanek.phtml?id=601556>, posted April 6, 2010



prefer to have a limited number of suppliers. Many small producers could not get shelf space in the new store chains.

Third, there is the financial considerations of production itself. Economies of scale on one hand, and bank financing on the other. Banks are more likely to lend to large companies. The small producers could have survived without bank financing if they just had to produce and sell, but the new hypermarkets demanded that suppliers extend 60 or even 90 day financing terms for the products. The small producers, privatized with no extra capital at all in the bank, could not afford to pay the farmers, process the food, and then wait another 90 days for payment.

Hamé benefitted not just from the less competitive environment, they actively sought to save all the viable producers by acquisition into the Hamé family.

But however many precautions are made to prevent a takeover, if the owner decides to sell, that is that. 44 different companies wanted to purchase Hamé, and the owner finally chose to sell to the firm Nordic Partners at the beginning of 2008.<sup>125</sup> This was before the Crisis had developed, so companies were still selling for high values, and the purchasing companies could still get bank financing. If the owner had waited a few months, the Icelandic company could not have received bank financing for the deal, because later in 2008 the major Icelandic banks became insolvent in a spectacular crisis that has left the whole nation of Iceland on the verge of bankruptcy.<sup>126</sup>

At the time of acquisition, Nordic Partners had 4 owners, had 1.1 billion Euros in assets, and was involved in the food and beverage industry, commercial real estate, retail operations, the hotel industry, and aerospace.<sup>127</sup>

The former majority owner of Hama, Leos Novotny, has maintained a minority interest in Hamé.<sup>128</sup> The natural expectation at Hamé was for Nordic Partners to use their existing distribution resources and their financial resources to help Hamé expand even further. Unfortunately, Iceland went into crisis, and now Hamé is financing Nordic Partners and the Icelandic banks. However, because of the strong efforts and competitive advantages, Hamé is still growing despite the financial crisis and the financial drain on their resources.

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<sup>125</sup> <http://www.hame.cz/life-style-aktuality-detail/hame-pod-kridly-nordic-partners/>, posted April 5, 2008

<sup>126</sup> <http://www.iceland.org/info/iceland-crisis/timeline/>, extracted June 8, 2010

<sup>127</sup> <http://www.hame.cz/life-style-aktuality-detail/hame-pod-kridly-nordic-partners/>, posted April 5, 2008

<sup>128</sup> <http://aktualne.centrum.cz/ekonomika/domaci-ekonomika/clanek.phtml?id=601556>, posted April 6, 2008

Novotny also sold his hockey team, which he had purchased to assist in his marketing efforts. The hockey team in Zlin was using the same red bear as Hamé.<sup>129</sup>

Hamé's standard entry mode is to first sell pate, followed by baby food, jams, and their other best selling products, through existing distributors. This minimizes their financial risk. Countries with limited reception are left for later development. In successful countries, Hamé incorporates a local subsidiary, develops its own distribution channel, and if conditions are suitable, it acquires local producers. Romania and Russia subsidiaries have their own production facilities.

In Hungary, Hamé, first sold through a local independent distributor. Later Hamé Hungary was incorporated, which soon was number 3 in the Hungarian market, despite having no local production facilities. Hamé's gain in market share was someone else's loss, and in 2009 the number one producer came up for sale, and Hamé bought it at a bargain price.

Success brings problems of its own. Hamé is number one in Russia, with a strong quality reputation, so some of the many local producers have copied the Hamé graphics and even the Hamé name (in Azbuka). The government also creates many legal problems for Hamé. But despite all this the Hamé trademark allows a premium price, and the Russian market is still profitable for them.

Some markets are still being fought over. Hamé Romania still has low sales, despite heavy advertising, including using a local celebrity instead of the "Vallachian King". Despite the fact that Romanians are too poor to buy premium products, Hamé still hopes for market share growth.

If sales of a foreign subsidiary cannot efficiently be maximized, the expenses can still be minimized. In the Balkans, the people still grow much of their own food, so in Bulgaria Hamé has reduced their business team there to only one.

Hamé sent two containers to the USA to test the market, and then decided not to invest anything further there.

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<sup>129</sup> <http://aktualne.centrum.cz/ekonomika/domaci-ekonomika/clanek.phtml?id=601556>, posted April 6, 2008

Hamé believes it is too expensive for an Eastern European firm to develop a good reputation in Western Europe, so their premium product strategy would not be profitable there. Eventually, if Hamé makes enough money locally, it might be able to purchase an established brand in the west, like the Indian firm Tata did when it bought Jaguar and Land Rover from Ford.<sup>130</sup>

Products are sold abroad with few modifications. The label graphics are similar, and the text is usually just translated, into just Russian, or in other countries as several languages. All are sold under the name Hamé, or Hamé-[country] when they have a subsidiary. Hamé tries to keep a premium image in all markets, which requires higher quality levels in some areas than in others. For instance, Hamé-Russia has good quality levels by Russian standards, but in Moscow Hamé sells western quality products.

Hamé continually monitors each market for possible business opportunities, and uses customer surveys to improve products and marketing.

Some advertisements are just translated to the local language, but celebrity advertisements are made locally. One advertisement for ketchup featuring a little blond boy, created in Russia, was so successful there that it was dubbed and used elsewhere.

Hamé has price pressure in Poland, Czech, Slovakia, and Hungary from the low quality Polish producers, who drop prices for quick sales, but who are damaging their reputation rather than building it. Rather than matching prices, Hamé maintains a premium quality, image, and price, but in order to maintain market share the price must not be much higher than the competition. Hamé prices vary somewhat from market to market, depending on the conditions, but Hamé tries to maintain a premium image in all markets.

There are some very local producers, usually family owned, who maintain high quality and low price, and limit market share growth in that local area, but these producers, due to their low prices, never have enough capital to expand and threaten Hamé. Publicly traded companies can be acquired through the stock market, and brought into the Hamé team.

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<sup>130</sup>[http://www.caranddriver.com/news/car/08q1/tata\\_buys\\_jaguar\\_and\\_land\\_rover\\_from\\_ford-car\\_news](http://www.caranddriver.com/news/car/08q1/tata_buys_jaguar_and_land_rover_from_ford-car_news), posted March 2008

The most profitable markets are the three highest quality former Soviet states, Czech, Slovakia, and Russia, because these states contain a sufficient number of customers who are willing to pay more for a premium product.

The Czech and Slovak markets are Hamé's "cash cows", financing further expansion in the East. However, due to the very risky political conditions in Russia, it is easy to lose everything, as many formerly successful but now imprisoned businessmen have discovered. But moving east is natural, because what is western is usually seen as higher quality. Moving west, Czech ownership becomes a liability, and it is hard to compete with the Swiss owned firms in the premium markets, and Hamé is not willing to match the competition at the low end of the market, which would damage its reputation as a premium producer.

As distribution networks become more efficient in Czech, Slovakia, and Hungary, and as lifestyles become more fast-paced, Hamé is moving with the market away from canned meats and toward refrigerated and frozen ready-to-eat foods. In January 2010 Hamé bought *Apetito*, a Czech producer of plastic wrapped baguettes, sandwiches, and frozen ready-to-eat meals with an existing distribution system in Slovakia, where Hamé had had no fresh food distribution system. But since frozen foods are not yet so popular in the East, the frozen food production facilities in Romania and Russia were closed.

In February 2010, Hamé took over *Seliko*, which used to be famous for alcoholic and non-alcoholic beverages, but now produces various canned and bottled food products. This acquisition finally lays to rest for good the dispute between them over who has the right to use the trade name "Majka krem".<sup>131</sup>

The director also believes that breakfast cereals and biscuits are growth areas, but they do not fit in well with Hamé's marketing mix or comparative advantages, so Hamé will not compete in this area. You cannot be all things to all people.<sup>132</sup>

## **6.2. S+C Alfanametal, s.r.o.**

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<sup>131</sup> [http://www.financninoviny.cz/os-finance/zpravy/hame-prevezme-vyrobu-a-distribuci-vyrobku-seliko/427268&id\\_seznam=](http://www.financninoviny.cz/os-finance/zpravy/hame-prevezme-vyrobu-a-distribuci-vyrobku-seliko/427268&id_seznam=), posted January 28, 2010

<sup>132</sup> Interview with Inženýr Martin Štrupl, director of logistics and distribution of Hamé, March 31, 2010

Another example of a successful company is the high-alloy steel foundry S+C Alfanametal, which is a quite young but modern entity concentrating on static casting and special shell mould casting. In 1996 S+C Alfanametal s.r.o. was founded in Tršice as the Czech subsidiary of the Schmidt+Clemens Group<sup>133</sup>, which is A German company existing for more than 130 years.

S+C Alfanametal was at first built as “fettling shop”, cleaning to castings produced by its mother company. Later it was decided that they would start their own production, producing the cast joints for their mother companies Petro-Chemical pipe business, and utilizing spare capacity by finding their own customers. In 2006 the mother company decided they needed all the capacity, and directed Alfanametal to immediately cancel all outside customer orders.

Cutting off all customers overnight really ruined all existing customer loyalty. But the mother company did not need them, and Alfanametal had no choice. This meant not only losing all customer relationships, but also all independent sources of income. Alfanametal was completely dependent on the mother company.

The mother company now had a cheap supply of parts, and since all the parts were the same type, there was no further need to invest in more sophisticated technology. Alfanametal became as static as their castings. There was no growth and no improvement, but there was a steady supply of work.

For two years.

Then the financial crisis hit the petro-chemical industry, the mother company sent fewer orders, and Alfanametal had 30% spare capacity, and the chart of future projected business looked like they would be falling off a cliff. Fortunately, the mother company once again gave permission to again seek outside customers.

In January 2009 Alfanametal wrote to all their old customers, announcing that they were back in business.

Predictably, all prior customers had found other suppliers. They gained back only 3 or 4 customers out of their former 80.

But that was not the worst of it. Of strategic importance was that these other suppliers had increased their production facilities, with the newer and better technology.

All of a sudden, the true economic consequences of abandoning all outside customers became horrifyingly real.

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<sup>133</sup> <http://alfanametal.com/english/Company/index.html>, extracted June 25, 2010

Most all their customers were gone forever.

When financial crisis hit, banks stopped lending to buy new equipment, so there were fewer and fewer customers able to buy anything.

There was much more competition.

The competition was more advanced than Alfanametal.

Faced with this impossible situation, Alfanametal hired a new man to do the impossible.

He started the difficult search for new customers. First he found the power station companies and others who would be buying new equipment. Then he found out who their suppliers were likely to be, and their sub-suppliers who buy castings. These he contacted.

Another way gain new customers which proved to be efficient was participation in various exhibitions and trade fairs both domestic and foreign. However, this method is quite pricey (about 500,000 CZK per fair) so they took part in only a few fairs, for example in Brno and France, and after that they decided to just visit these fairs where they meet potential customers and establish contacts.

Alfanametal also tried advertisement in some periodicals and on HBI (internet database of companies) which cost about 100,000 CZK a year and was not very effective so they stopped.

They learned another method to gain new customers from the mother company and it worked well. They organize symposiums. They focus their attention on one particular product, for example a pump, then they invite their current and potential customers, their technicians and metallurgists over the weekend to a hotel. Then they present this particular product to them, show them the foundry, hold conferences, various presentations and prepare programs for visitors. This way is cheaper and more successful than trade fairs. Usually about 20 out of 60 addressed companies come and Alfanametal managed to gain many customers.

Alfanametal also cooperates with colleges with its mother company in Germany, which provide them with customers too. In May they had a meeting with them where they set up their goals, strategy and areas where they want to expand.

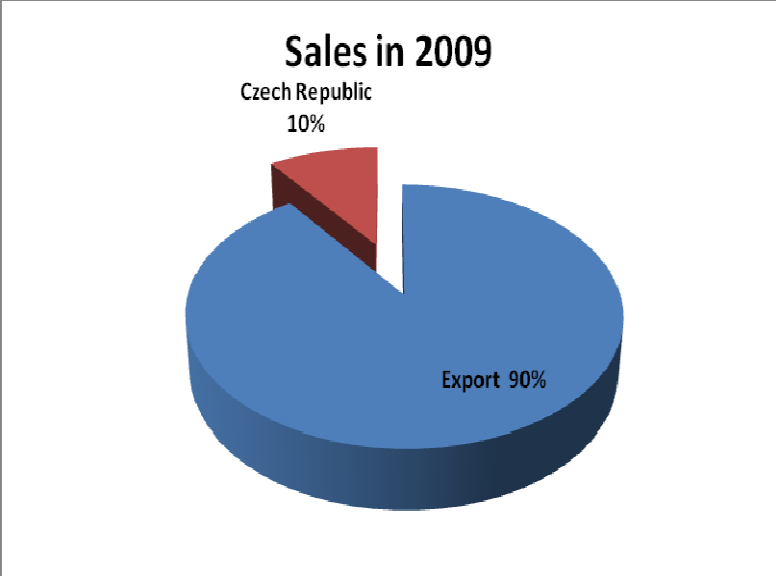
And last but not least, Alfanametal gains new customers through recommendations from current customers. Thanks to the high quality they keep, many customers order from them even though they could find products for lower price from the competitors. Fortunately the target customer can do the math and knows that if he bought a product for better price but with a lower quality, in the end it would cost him a greater sum of money for reparations than buying it from Alfanametal. For example in Bulgaria their current customer

recommended them another company in Romania and some companies learn about Alfanamateal from satisfied customers and address them themselves.

In future Alfanametal plans to address other markets mainly in central Europe and grow more domestically. They have regular meetings where they decide who would address whom and where they set up time schedule for visiting target customers.

Alfanametal has been successfully exporting to several countries such as Germany, Austria, Scandinavia and France. They also tried to sell in Poland but it was rather a failure, primary due to price competition. In Poland companies buy lower quality products for lower prices instead of paying slightly more for much better products. Alfanametal could be successful in this market but they would have to hire a local sales agent who would find customers for them. That is also what Alfanametal wants to do. They are trying to find such a person but so far unsuccessfully. They already hired two local sales agents but they had their own companies and they did not have much time and did not work hard enough so the result was not very good.

Another failure was in Russia thanks to price competition, and also in Hungary where companies are interested in buying final products and not just castings.



Alfanametal works in various areas but main industries include pumps, energy, paper, industrial machinery generally, chemical and petrochemical and food processing. They produce equipment for water power plants, equipment for nuclear power plants, parts for production facility such as impeller, and spiral castings. They also produce equipment for rolling mills and diverse parts for maintenance. They use high quality materials such as

corrosion-resistant steels, duplex steels, wear-resistant steels, heat-resistant steels and low alloyed steels.

They do not need to do a market survey before they decide to expand abroad because the markets in which they sell are very specific and further modification of products is not required. They adjust products according to customer wish and his specific technical parameters.

The Czech Republic did not help them in the beginning with its reputation of low quality products but over time they gained trust and respect of their customers with maintaining high quality.

That Alfanametal is a successful company is shown by its turnover last year of 10,000,000 CZK with only 72 employees. They choose future market growth over profit and turnover.<sup>134</sup>

### **6.3. Senior Automotive, s.r.o.**

Another example of successful marketing of Czech products abroad is Senior Automotive in Olomouc which “*produces aluminum and steel tubes for heating and air-conditioning systems for the automotive and truck markets. It also produces water tubes and turbo oil feed and drain lines*”.<sup>135</sup>

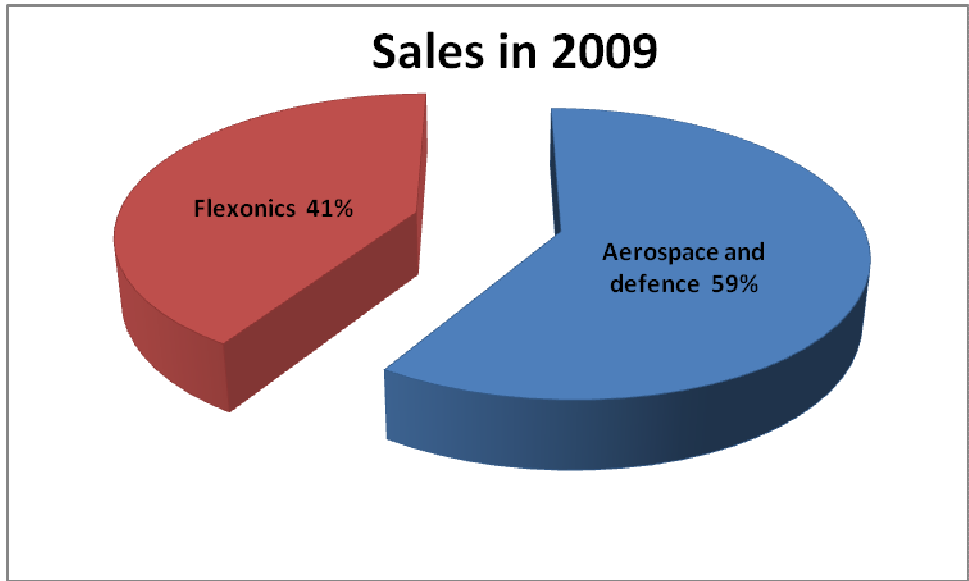
It is a subsidiary of Senior plc. Group, which is an international manufacturing group with operations in 11 countries with a division in each of its two main markets.

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<sup>134</sup> Interview with Aleš Winkler, senior project manager of Alfanametal, June 14, 2010

<sup>135</sup> <http://www.seniorplc.com/automotive/company.cfm/27>, extracted June 25, 2010

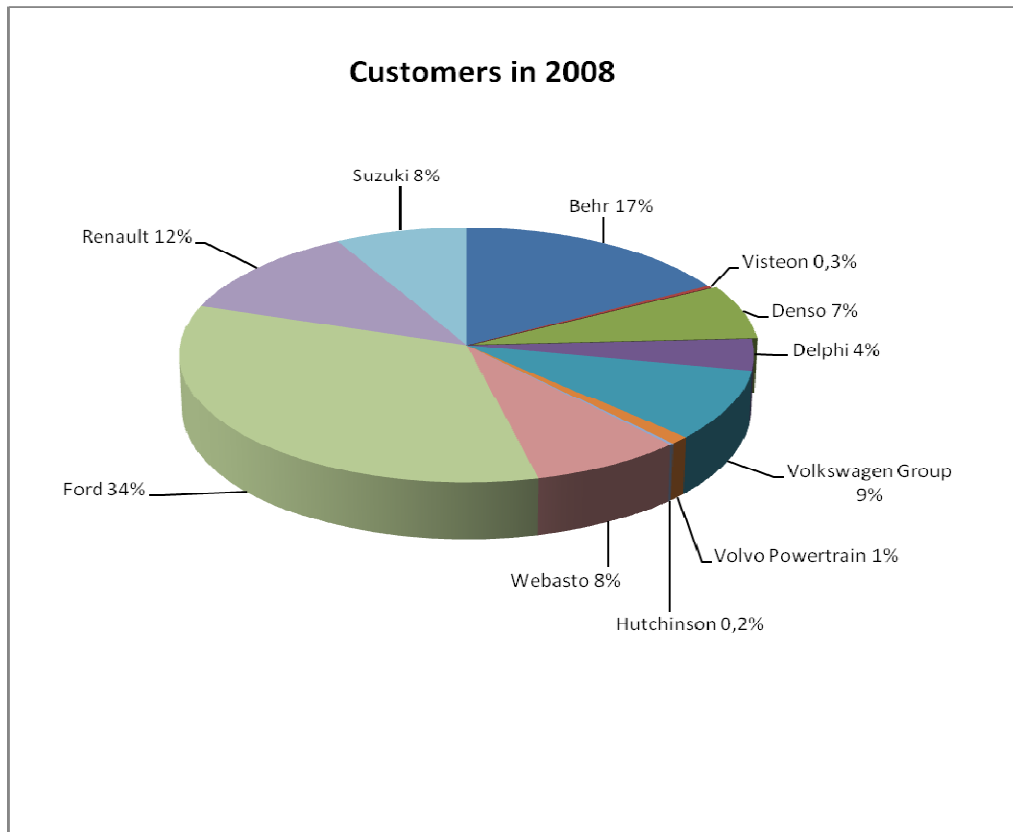




The Aerospace and Defense division produces products such as engine structures and mountings, metallic high-pressure ducting, fluid control system, helicopter machined parts and composite low-pressure ducting.

The Flexonics Division produces flexible exhaust connectors, sunroof tubes, diesel fuel systems and engine emission pipe-work air condition/ turbo charge pipe-work.

Senior Automotive in Olomouc falls under the Flexonics Division. It was incorporated in December of 2000 and started exporting in 2001. It now exports to countries like Germany, England, France, Malaysia, Sweden, and Spain to car factories such as Volkswagen, Behr, Suzuki, etc.



Senior Automotive does market surveys with regard to products and potential markets and with further modification coming from each customer's technical parameters. So for example with a tube for an engine they first learn the technical parameters and then make it according to the engine design.

When addressing foreign markets Automotive falls under its European business unit where they have strategic marketing team which decides on the bases of marketing decision and when the mother company decides to expand abroad, Senior Automotive follows their decision.

Senior Automotive advertises on the internet, they have a catalog with their products and they also participate in various fair trades. For example in Hanover they had a stall with representatives who addressed potential customers.

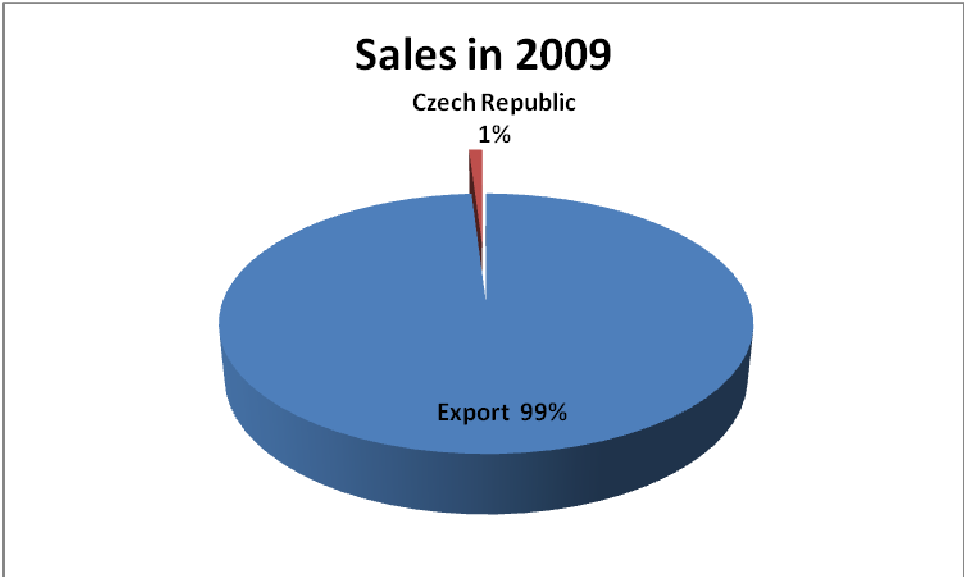
Automotive sells mainly to big car factories, not individuals. They prefer long-term relationships with customers. In order that their existing customer introduce them to other potential customers and give recommendations, they have to maintain very good relationships with their current customers.

Another example of what good relations with customers can do for them is internet sales they arranged with Volkswagen Group, which posts data on the internet and then there is real-time, non-binding internet “auction”, where all approved suppliers may bid on each project. Bidders may see if their prices are currently the lowest for parts and tooling costs, but they may not see the other price bids. During the auction, Volkswagen can write notes to the bidders. The bid with the lowest price for parts and tooling costs usually wins.

In order to gain new customers Automotive tries to meet customers’ wishes when deciding about the price of product. Of course they need to make some profit too, and the mother company has the final word. In future they plan to gain new customers thanks to the best design.

Automotive has delivers to France, Italy, Germany, Poland, Hungary, Great Britain and USA, and they have their own distribution network. They hired a native speaker for business with France but in other countries they manage without an interpreter.

Their biggest success is with Renault and PSA in France, but on the other hand they are disappointed with their results in The Czech Republic and Slovakia. In general the mother company prefers a small profitable project to a large project with low profit margin. As shown in the following graph, they export 99% of their products, 98% being to the European Union.

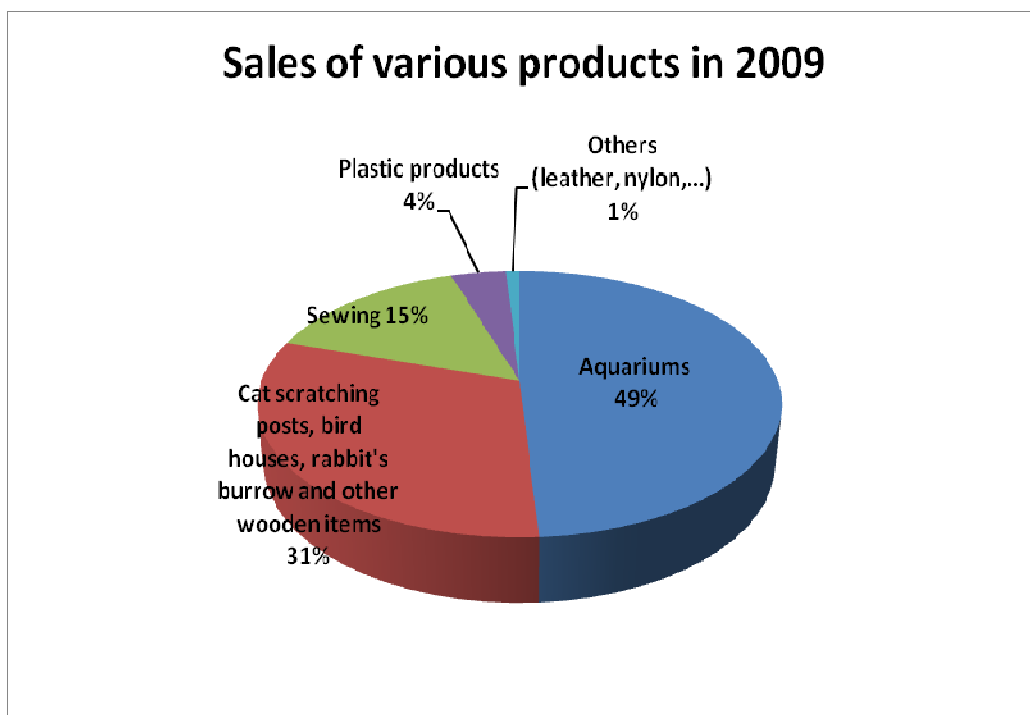


Senior Automotive products are generally accepted positively because of their high quality. They also try to improve their products. They have a development centre in England

where they try to make more flexible products. What is more, they try to improve their products according to their customer through evaluation of customers' satisfactions.<sup>136</sup>

#### 6.4. Cat-gato, s.r.o.

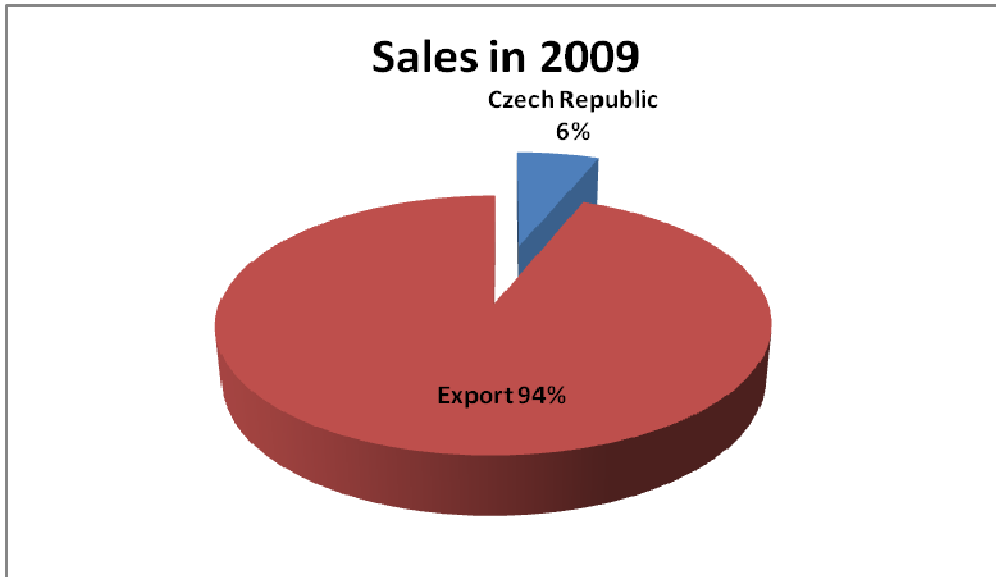
The Czech company Cat-gato, s.r.o. was founded in 1999 in Lutín and specializes in the production of pet products for small animals. At first they started with producing cat scratching posts. Step by step they added other products such as aquariums, textile products, plastic items, wood and leather goods. They also offer all kinds of cat resting products and dog cushions in a various color range<sup>137</sup>.



Cat-gato has been exporting to France, Belgium, Germany, the Netherlands, Danes, Sweden, Spain, Hungary, Austria, Bulgaria, Cyprus, Denmark, Finland, French Polynesia, Greece, Ireland, Italy, Norway, New Caledonia, Poland, Portugal, Slovakia, Switzerland, Turkey, Ukraine, and the United Kingdom.

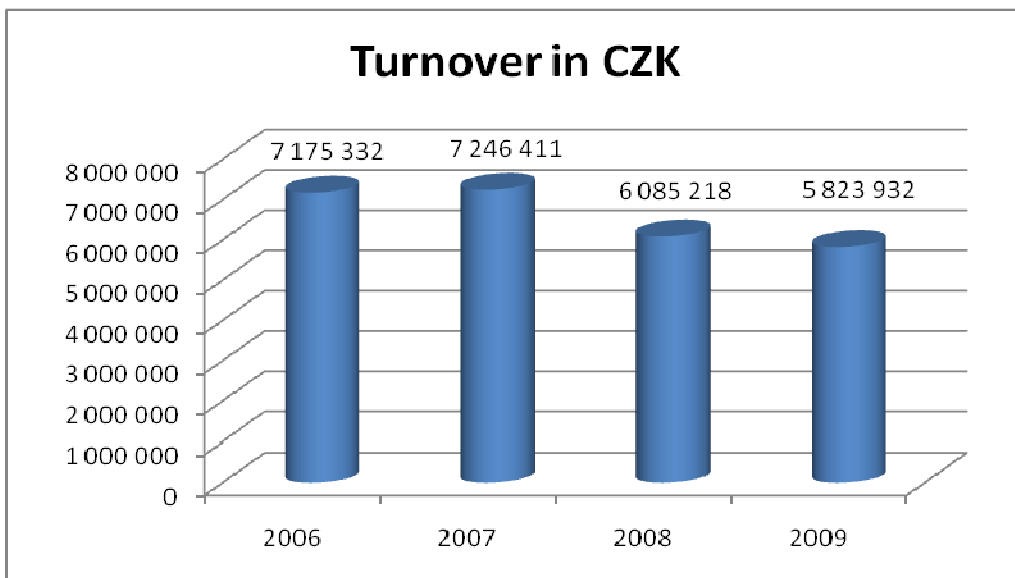
<sup>136</sup> Interview with inženýr Vladimír Zbožínek, project manager of Senior Automotive, June 14, 2010

<sup>137</sup> <http://www.cat-gato.com/aboutus.php?lang=uk>, extracted June 24, 2010

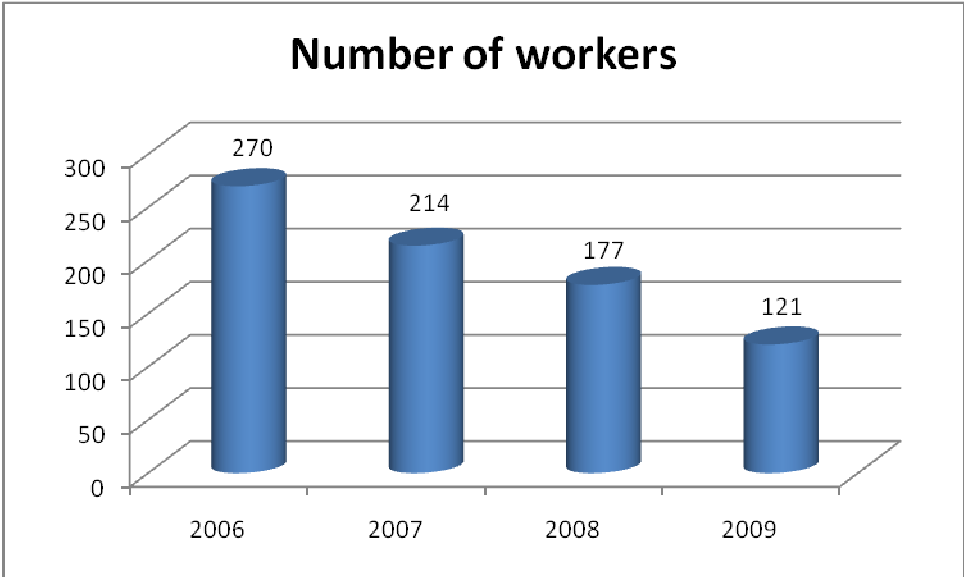


In 1997 the company started production in Belgium and later in 1999 they moved production to the lower-cost Czech Republic. The Czech market is quite small, and most Czechs do not spend as much on their pets as in the west, small Cat-gato has always focused on exports. Like other Czech companies they have had to fight their way into foreign markets because Czech products used to be considered abroad as low-quality products, and they needed to prove their quality. It helps that Cat-gato started in Belgium and still has the same Belgian owner.

As you can see from following graph, the company is still doing fairly well despite the financial crisis.



Cat-gato started with 300 employees. Over time they have made many efficiency improvements, so they have managed to lower the number of Employees even while increasing sales.



Cat-gato does not need to do market surveys because the pet product market is very similar everywhere. They tried to cooperate with Czechtrade once, but as with Hamé, they were not happy with the job done by Czechtrade. In the opinion of Cat-gato, the “market research” done for Cat-gato by Czechtrade had the same quality as taking a phone book and just copying all companies stated there. It lacked any personalized attempt to gain necessary data through questioning these companies.

Cat-gato modifies its products according to customers’ special needs. What they need to know they learn from customers and they do not need to do further market research. For example with cat boxes people in Germany like big cat boxes but in the south of Europe people prefer smaller ones. The same with aquariums, some customers might have different requirements for the type of filtration so they always first contact their customers and modify their product according to customer’s wishes. Or another way to know what people of which country prefer is through visiting of exhibitions of the target country.

They sell to wholesale trades most and then to certain networks. However, this works only with countries which are close to the Czech Republic so they are able to provide further service, for example in Germany.

They have catalogs, they also tried advertising in periodicals but the same like with Alfanametal, the price is too high and it is simply not worth it because they do not gain many

customers that way. They tried selling over the internet in Germany but it was not worth it because of the competition. What works are above mentioned exhibitions in foreign countries. It is quite expensive (about 400 000 CZK) but it is good to establish contact. Of course there is more work afterwards, within the exhibition everyone is interested but they forget, so Cat-gato has to make contact and call them to push for sales.

There are also some customers who approach Cat-gato over the internet or through a recommendation. The Internet helps them a lot with communication with customers. 5 or 6 years ago they had to visit their customers more and now thanks to the internet everything is easier.

Prices are not uniform everywhere. For example in the Czech Republic they sell for a higher price than abroad. This is mainly because their competitors have higher expenses for logistics, and Cat-gato is also more flexible than its competitors.

Abroad they have more or less the same prices everywhere except for Switzerland where purchasing power is higher. In other countries Cat-gato decides according to quantity demanded. Cat-gato offers special quantity discounts.

Cat-gato does not sell to individuals or companies with unprofitable low volumes. If they sold to individuals, they would need to hire more employees just to do the paper work and expenditures would go up, which could have terrible consequences for the company. Minimal order must be at least for 20 000 or 30 000 crowns locally or 2 500 Euros abroad.

For Cat-gato it is important to have reliable distributors to ensure that products will arrive on time to their customers and also to ensure that their customers are able to pay for goods. For example in England, they delivered goods but the purchaser went bankrupt and they have not been paid, so this was their biggest failure.

On the other hand they were most successful in Germany and France. But with competition from China it is getting harder and harder to maintain their market share. In the Czech Republic Cat-gato manages to be number one in production of aquariums and for example with production of cat boxes they do not have competitors in the whole Europe.

Other companies tried to acquire Cat-gato through acquisition but Cat-gato was too young then so they kept their independence. In France Cat-gato bought a wholesale trade which went bankrupt.

For instruction manuals they use mainly English, French, German and also the language of the destination country.

In general they are successful because they are capable of competing, the labor is cheaper than in west Europe, they maintain high quality with good materials, they have lots of contacts, which helps too, they are flexible and able to react quickly to demand. Companies in west Europe need more time.<sup>138</sup>

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<sup>138</sup> Interview with Olivier Jansens, owner and director of Cat-gato, June 17, 2010



## 7. Conclusion and Vision for the Future

Charles IV imported the best and brightest in Europe, and created what once was and what can once again be the greatest land in Europe. Despite numerous setbacks, we are a successful industrial nation with even greater potential. If we are to realize our potential, we must examine our history to understand our present competitive advantages, and strategically utilize these competitive advantages to profitably increase our exports, gaining wealth to further invest in our education and industrial base.

In addition to increasing our international sales of existing products, we must determine what other industries might be suitable for export growth? An examination of the Czech comparative advantages suggests a number of exploitable industries.

Hamé has shown the market potential for processed meats. The rolling hills are perfect for dairy production, leading to flavorful and inexpensive cheeses. Niva is similar to French blue cheese, but at a fraction of the price, so we should market this to countries that now buy the much more expensive varieties. Some specialties, like Tvarůžky, might never become popular, even if it met EU production standards. But Czech has many special cheeses suitable for export, at very reasonable prices. We are not a large country, so we should dedicate our resources to exporting these high value cheeses, instead of producing for our domestic market the low priced cheeses that can be purchased elsewhere.

Our idyllic rolling hills also give us abundant pure natural springs, which could compete with the French Perrier that sells in American bars for five dollars for a tiny bottle.<sup>139</sup>

Our spring water is used for our beer, and our rolling hills and highlands are perfect for the growing of hopps. Hopps and water dictate the taste of beer, and so our beer is the most famous in the world.

So we should dedicate more agricultural land for production of hopps, and increase production at the many good remaining local producers. A clever marketing firm could buy from small unknown producers and market this worldwide as premium brands at premium prices.

Our wine is also good, but nothing famous like our beer. In Neruda's Romance about Charles the Fourth, it is said that Czech wine is like the Czech nation, dry at first but quite

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<sup>139</sup> Interview with MUDr. Jan Hrbek, March 25, 2010

good once you got used to it.<sup>140</sup> But our wine lacks the refined qualities and reputation to compete with wine from more suitable climates, so we should probably keep our wine for ourselves.

Another growth area to exploit the political and financial stability of our nation would be to develop our banking industry. Foreigners have historically invested in dollars, but events in the last decade have shown that the Czech Crown is a stronger currency. For example, the CZK to Dollar exchange rate went from 41.765 on September 21, 2001 to 14.50390 on July 22, 2008. The currencies in Japan and China dropped almost as much, and the Euro and Pound have dropped considerably too. Even the Swiss Frank has not been as profitably stable as the Czech Crown.<sup>141</sup>

The Japanese currently save money 0.1% in Japanese banks.<sup>142</sup> If the Japanese had invested their money in Czech banks, they would have tripled their investment as measured in Yen.

Our competitive advantage in engineering and creativity should once again be fully utilized in military production. Two decades ago, Czechoslovakia employed 150,000 people in military production, including heavy machinery. Now we employ only 23 thousand, producing 46 thousand Euro average each, for an annual total of 106,700,000 Euro.<sup>143</sup> In order to again become a weapons giant, it would be beneficial to distance ourselves for the imperial powers dominating the world, and concentrate on a more neutral commercial status, like Switzerland. They earned a lot of money while the other crazy countries were killing each other. They do not sell weapons to anyone, and it would be a bad idea to involve ourselves in wars by selling during military engagements, but selling military hardware during peacetime is relatively without risk.

Information Technology is big “question mark”. Karat<sup>144</sup>, inSophy’s inPlan<sup>145</sup>, and other Czech programs offer the same features as Microsoft and SAP, but they do not have the marketing muscle to compete, so they are not as popular as the western firms even in their home market.

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<sup>140</sup> <http://ireferaty.lidovky.cz/504/5261/Vyvoj-ceske-poezie-2-poloviny-19-stoleti>, posted April 28, 2009

<sup>141</sup> <http://www.oanda.com/currency/historical-rates>, extracted July 7, 2010

<sup>142</sup> <http://www.bbc.co.uk/news/10135374>, posted May 21, 2010

<sup>143</sup> *EKONOM*. Časopis roku 2008, číslo 5, 4.10.2. 2010, page 44-45

<sup>144</sup> <http://www.karatsoftware.cz/>, extracted April 15, 2010

<sup>145</sup> *EKONOM*. Časopis roku 2008, číslo 1, 7.-13. 1. 2010, page 23

The key to marketing our IT systems may be partnering with a marketing giant. Czech does not have critical mass for global marketing of IT systems. I suggest Czech firms sell their systems to Google, who will pay us a good price for the systems, and release them free to the world, getting their profits from the advertising revenues they will attach to our programs.

Czech Medicine has always been at the forefront of progress. Komenský was the teacher of nations. The science of genetics was invented here, as were contact lenses, and synthesized medications for AIDS and Hepatitis B.<sup>146</sup> But to market globally, again Czech firms turn to the west. Botanicus, a successful independent producer of organic food, herbs and cosmetics, has been expanding for years, through franchising. They now have a few dozen shops in Europe and Asia.<sup>147</sup> This is great, but keep in mind that a franchiser of non-organic food has a thousand times as many franchises under their golden arches. So we have a long journey ahead of us.

If we exploit these and other potential export opportunities created by our comparative advantages, we can increase our comparative wealth, and take our proper place in the world as a prosperous nation with an ever-brighter future. Charles IV imported the best and brightest to Czech, and the results are still with us. We are destined to be the greatest nation on earth, on the threshold to the stars.

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<sup>146</sup> [http://www.czelo.cz/dokums\\_raw/Biotechnology\\_in\\_Czech.pdf](http://www.czelo.cz/dokums_raw/Biotechnology_in_Czech.pdf), extracted July 7, 2010

<sup>147</sup> *EKONOM*. Časopis roku 2008, číslo 5, 4.10.2. 2010, page 24

## 8. Summary

Tato práce je rozdělena do pěti pomyslných oddílů, z nichž v každém se zabývám něčím jiným. První sekce začíná vyprávěním o historii vzniku obchodu až po současnost. Poté plynule přechází na historii zahraničního obchodu zaměřeného na České země a ukazuje skvělý potenciál, který v Českých zemích odhalili už dávno někteří z dřívějších panovníků. Za vlády Karla IV., který sem nechal poslat mnoho zahraničních řemeslníků a obchodníků, se Praha stala hlavním městem Svaté říše římské<sup>148</sup>, což mělo nemalý význam pro náš budoucí rozvoj. Tento zahraniční vliv je dodnes rozpoznatelný mezi českými lidmi.

Ovšem ne každé období pro nás znamenalo pouze rozmach. Různé války měly na naši ekonomiku zdrcující dopad a mnoho z našich obyvatel padlo. Český národ se ale přes veškeré okolní vlivy, i ty nepříznivé, vždy dokázal vzchopit a pokračovat v rozvoji.

V další sekci se zaměřuji na poměrné výhody a nevýhody Čechů, kde rozebírám různé druhy průmyslu, životních podmínek a lidí. Tato sekce ukazuje, že naše země má skvělý potenciál pro další rozvoj.

V následující sekci se zabývám marketingem. Ukazuji, jak je důležité vybrat správný produkt vhodný k vývozu, udělat průzkum potenciálního trhu a jeho velikosti, rozhodnout na základě tohoto průzkumu, jestli je nutná modifikace produktů, jaké jsou možnosti vstupů na zahraniční trhy, reklama a vyjmenování hlavních organizací, které jsou ochotny pomoci exportérům.

V případových studiích se zabývám čtyřmi úspěšnými českými firmami. Začínám s potravinářskou firmou Hamé, která vyváží do 36 zemí světa a jejíž export tvořil v roce 2008 43% z celkového prodeje. Firma také pomocí různých akvizicí postupně skupuje svoji konkurenci a to jak u nás, tak i v zahraničí a díky této politice se stala velmi úspěšná. Zároveň produkty příliš neupravují, zachovávají grafiku i název a sází na udržení stále kvality. Pro propagaci svých produktů používají různé reklamy. Pokud je reklama úspěšná, přeloží ji do jazyku dané země a případně natočí reklamu s celebritou, která je v dané zemi oblíbená. Ze stále rostoucího obrátu můžeme vidět, že se firmě daří.

Dále jsem se zaměřila na trošku odlišnou firmu a to slévárnu S+C Alfanametal, která se soustředí na odlévání různých odlitků. Je dceřinou společností Německé Schmidt+Clemens Group, takže se musí podřizovat všem nařízením své mateřské firmy. Při získávání zákazníků

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<sup>148</sup> [http://www.mzv.cz/riyadh/en/trade\\_and\\_economy/index.html](http://www.mzv.cz/riyadh/en/trade_and_economy/index.html), posted August 11, 2009

zkouší vše možné jako například rozesílání dopisů, reklamu v různých novinách a účast na různých výstavách i veletrzích. Také pořádá různá symposia a kontaktuje své potenciální zákazníky, které si najde sama nebo přes doporučení od stávajících zákazníků. I její obrat za loňský rok byl značný, takže můžeme říct, že slévárna velmi dobře prosperuje.

Předposlední firma je Senior Automotive, která vyrábí různé hliníkové a ocelové trubky do aut. I tato firma je pouze dceřinou společností Senior plc. Group, která má provozovny v 11 zemích. Jako reklamní kampaň si zvolili reklamu na internetu, použití katalogu a účast na různých veletrzích. Tato firma se zaměřuje především na export a u nás prodává pouze 1% ze svého celkového prodeje.

Poslední, rovněž úspěšná, je česká firma Cat-gato, která je vlastněná Belgičanem a je zaměřená na výrobu produktů pro malá zvířata jako například budky pro kočky, akvária, hračky, pelíšky a mnoho dalších. Jako svoji marketingovou strategii zvolili katalogy, reklamu v periodikách, účast na výstavách a zákazníci je oslovují na doporučení od stávajících zákazníků. I tato firma exportuje téměř 94% ze svého prodeje.

V poslední sekci se snažím na základě poměrných výhod České republiky odhadnout oblasti pro budoucí růst exportu naší země.

## 9. Annotation

**Author:** Petra Hrbková

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**Title:** Finding New Customers Abroad for Selling Czech Goods

**Final paper supervisor:** Joseph Ference, J.Dr.

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**Keywords:** Czech Republic, Exports, Industry, Comparative advantages, Marketing, Growth, History, International trade, Hamé, Alfanametal, Cat-gato, Senior Automotive, Case studies

This work summarizes the history of Czech trade and comparative advantages, seeks to analyze current comparative advantages to find future export growth areas, offers advice to potential Czech exporters and lists organizations available to help them. Case studies of Hamé and other Czech firms exemplify successful export campaigns.

## 9.1. Anotace

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**Vedoucí diplomové práce:** Joseph Ference, J.Dr.

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**Klíčová slova:** Česká republika, poměrná výhoda, marketing, růst, historie, mezinárodní obchod, Hamé, Alfanametal, Cat-gato, Senior Automotive, případové studie

Tato práce shrnuje historii českého obchodu a poměrné výhody, snaží se analyzovat naše současné poměrné výhody, aby našla budoucí oblasti pro růst obchodu, nabízí rady potenciálním českým exportérům a uvádí organizace k dispozici na jejich pomoc. Případové studie Hamé a dalších českých firem dokazují úspěšné exportní kampaně.

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