

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Master's Thesis

**Marketing strategy of a fashion design shop in Prague,
Czech Republic**

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DIPLOMA THESIS ASSIGNMENT

Kirill Shabalkin

Economics and Management

Thesis title

Marketing strategy of a fashion design shop in Prague, Czech Republic

Objectives of thesis

The primary aim of this thesis is to provide suggestions for enhancing the marketing strategy of a chosen company, the fashion designer shop "Showroom." in Prague, Czech Republic.

Methodology

The theoretical part of the thesis covers fundamental marketing knowledge and terminology, including marketing strategy, marketing analysis, and marketing mix. It involves a literature review of fashion marketing and consumer behavior. This section provides a foundation for the practical part of the thesis.

The practical part includes a situational analysis of the company's current market position, financial performance, and marketing mix audit, among other analyses. It is used to identify the company's strengths and weaknesses. These analyses serve as the basis for achieving the thesis primary objective,

which is to provide recommendations that can help the company to navigate the current market challenges, enhance its market position, and achieve its long-term goals. The research methodology involves a combination of quantitative and qualitative data collection methods, including surveys and digital analytics. The data is analyzed using various data analytics tools to identify patterns and trends that can inform the showroom's marketing strategy. The final phase of this thesis involves developing recommendations for enhancing the showroom's marketing strategy based on the findings of the analysis.

The proposed extent of the thesis

60-80

Keywords

marketing, marketing mix, marketing strategy, fashion, brand, Czech Republic

Recommended information sources

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Expected date of thesis defence

2022/23 SS – FEM

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Declaration

I declare that I have worked on my master's thesis titled "Marketing strategy of a fashion design shop in Prague, Czech Republic" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2024

Acknowledgement

I would like to thank my supervisor Ing. Jana Pitrová, Ph.D. for her advice and continuous support during my work on this thesis. I would also like to thank the management and employees of the Showroom. for providing the information and data necessary for the successful completion of this thesis. I would like to express my gratitude to my family for their support.

Marketing strategy of a fashion design shop in Prague, Czech Republic

Abstract

The primary aim of this thesis is to provide suggestions for enhancing the marketing strategy of a chosen company, the fashion designer shop Showroom. in Prague, Czech Republic. The company features the work of eight Czech designers and one Hungarian brand, offering designer clothing, contemporary jewelry, handbags, shoes, and accessories.

The theoretical part of the thesis covers fundamental marketing knowledge and terminology, including marketing strategy, marketing analysis, and marketing mix. It involves a literature review of fashion marketing and consumer behavior. This section provides a foundation for the practical part of the thesis.

The practical part includes a situational analysis of the company's current market position, financial performance, and marketing mix audit, among other analyses. It is used to identify the company's strengths and weaknesses. These analyses serve as the basis for achieving the thesis's primary objective, which is to provide recommendations that can help the company to navigate the current market challenges, enhance its market position, and achieve its long-term goals. The research methodology involves a combination of quantitative and qualitative data collection methods, including surveys and digital analytics. The data is analyzed using various data analytics tools to identify patterns and trends that can inform the showroom's marketing strategy. The final phase of this thesis involves developing recommendations for enhancing the showroom's marketing strategy based on the findings of the analysis. The results could benefit managers, marketing professionals, and fashion entrepreneurs, as well as contribute to the academic literature on marketing strategies in the fashion industry, which can serve as a reference for future research.

Keywords: marketing, marketing mix, marketing strategy, fashion, brand, Czech Republic

Marketingová strategie obchodu s módním designem v Praze, Česká republika

Abstrakt

Hlavním cílem této práce je poskytnout návrhy na zlepšení marketingové strategie vybrané společnosti, módní značkové prodejny Showroom. v Praze, Česká republika. Podnik představuje tvorbu osmi českých návrhářů a jedné maďarské značky a nabízí značkové oblečení, moderní šperky, kabelky, boty a doplňky.

Teoretická část práce zahrnuje základní marketingové poznatky a terminologii, včetně marketingové strategie, marketingové analýzy a marketingového mixu. Její součástí je přehled literatury z oblasti marketingu módy a chování spotřebitelů. Tato část poskytuje základ pro praktickou část práce.

Praktická část obsahuje mimo jiné situační analýzu současného postavení společnosti na trhu, finanční výkonnost a audit marketingového mixu. Slouží k identifikaci silných a slabých stránek společnosti. Tyto analýzy slouží jako základ pro dosažení hlavního cíle práce, kterým je poskytnutí doporučení, jež mohou společnosti pomoci zvládnout současné problémy na trhu, posílit její postavení na trhu a dosáhnout dlouhodobých cílů. Metodika výzkumu zahrnuje kombinaci kvantitativních a kvalitativních metod sběru dat, včetně průzkumů a digitální analýzy. Data jsou analyzována pomocí různých nástrojů datové analýzy s cílem identifikovat vzorce a trendy, které mohou být podkladem pro marketingovou strategii showroomu. Závěrečná fáze této práce zahrnuje vypracování doporučení pro zlepšení marketingové strategie showroomu na základě zjištění analýzy. Výsledky by mohly být přínosem pro manažery, marketingové odborníky a podnikatele v oblasti módy, stejně jako by mohly přispět k akademické literatuře o marketingových strategiích v módním průmyslu, která může sloužit jako referenční materiál pro budoucí výzkum.

Klíčová slova: marketing, marketingový mix, marketingová strategie, móda, značka, Česká republika

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1 Introduction

The fashion industry is constantly evolving, and marketers need to adapt to the changes and challenges that arise. One of the main challenges facing the industry is the growing demand for sustainable and ethical fashion. Consumers are becoming increasingly aware of the impact of their purchasing decisions on the environment and society and are seeking out brands that prioritize sustainability and ethical practices.

Another challenge facing the industry is the shift towards digital marketing. With the rise of social media and e-commerce platforms, fashion brands must now have a strong online presence to reach their target audience effectively. This has led to an increased focus on influencer marketing and content creation, as well as the development of e-commerce strategies.

In Europe, the fashion industry is particularly competitive, with many local and international brands competing for market share. Local brands often face the challenge of competing with larger, established international brands. However, they also have the advantage of a more in-depth understanding of local market preferences and cultural nuances.

Developing an effective marketing strategy in this context requires a deep understanding of the target audience, their preferences, and the competitive landscape. This thesis will explore the specific challenges and opportunities facing a fashion showroom in Prague, a city with a vibrant fashion scene and a growing interest in sustainable and ethical fashion. By examining the local market and consumer preferences, as well as the broader European fashion industry, the thesis will provide practical recommendations for developing a marketing strategy that can help the showroom stand out in a crowded market and attract a loyal customer base.

The results could benefit managers, marketing professionals, and fashion entrepreneurs, as well as contribute to the academic literature on marketing strategies in the fashion industry, which can serve as a reference for future research.

2 Objectives and Methodology

2.1 Objectives

The primary aim of this thesis is to analyze and develop a marketing strategy for a fashion showroom with local designers in Prague – Showroom. (also known as Showroom Dot).

Based on the aim of the Master's thesis, the following research questions could be formulated:

- What are the current market trends and competitive landscape in the fashion industry in Prague?
- Who is the target audience for the showroom, and what are their preferences, values, and shopping behavior?
- What is the unique value proposition of the showroom and its local designers, including their design aesthetics, quality, and sustainability practices?
- What are the most effective online and offline marketing channels for reaching the target audience of the fashion showroom?
- What innovative and creative marketing methods can be used to help the showroom stand out in a crowded market and attract a loyal customer base?
- How can the showroom improve its market position and increase its customer base through a comprehensive marketing plan?

These research questions aim to provide a comprehensive understanding of the market and consumer preferences, as well as the unique value proposition of the fashion showroom and its local designers. By answering these questions, the thesis can develop an effective marketing plan that leverages both traditional and innovative marketing methods to reach the target audience effectively and improve the market position of the fashion showroom.

Overall, the goal of this thesis is to provide a roadmap for developing a successful marketing strategy for a fashion showroom with local designers in Prague. By analyzing the market and consumer preferences, identifying the unique value proposition of the brand, and developing an effective marketing plan, this thesis aims to help the fashion showroom build brand awareness, attract new customers, and ultimately drive sales.

2.2 Methodology

The initial section of this thesis will delve into fundamental marketing terminology, such as marketing itself, the marketing mix, service marketing, and small business marketing. Additionally, it will explore the marketing strategic process, which consists of three stages. The first stage, marketing planning, involves a gradual description of various types and methods of marketing research, situational analysis, SWOT analysis, determination of marketing objectives, and marketing strategies, including digital marketing, data analytics, and surveys. It employs a literature review methodology to explain the basic concepts of marketing and the characteristics of the fashion business in the European Union and the Czech Republic, primarily using secondary data from printed materials and online

sources. The latter sections of the theoretical part will briefly outline the subsequent stages of the strategic marketing process.

The practical section of the thesis will introduce and describe the Showroom. and the industry. The company's strategic focus, vision, mission, and objectives will be established. The next part will entail a detailed description of the individual steps in the marketing planning stage, based on the methodology from the theoretical part. Initially, a written questionnaire survey will be conducted to assess customer satisfaction with the services of Showroom. This research will be analyzed and evaluated, and the outputs will serve as background data for the subsequent situational analysis, which examines the external and internal environments.

The external environment analysis comprises two primary sections. The macro-environment will be analyzed using the PEST method, which evaluates political-legal, economic, social-cultural, and technological influences. Porter's five forces analysis will be used to examine the micro-environment, specifically the competitive environment and strategic management of the company. The analysis of the internal environment will center on evaluating the company's internal resources, including material, immaterial, and human resources. Additionally, the financial evaluation of the company will be presented, and the marketing strategy of Showroom. will be assessed.

The results of the marketing research and analysis of the external and internal environments will be used to compile a SWOT matrix, identifying the company's strengths and weaknesses, opportunities, and threats, which will inform the development of generated strategies. The marketing planning section will conclude by establishing the company's marketing objectives and presenting a comprehensive evaluation of the previous research and analysis. This will lead to a detailed description of the generated strategies and proposals for measures that can be implemented to achieve the marketing goals. The final section will present an approximate budget for the updated marketing strategy, followed by a conclusion summarizing the thesis's findings.

3 Literature Review

3.1 Marketing

Marketing is a critical aspect of any business that involves identifying, anticipating, and satisfying customer needs profitably. The field of marketing has undergone significant changes over the years, with the emergence of new technologies and shifting consumer behaviors.

The American Marketing Association's definition of marketing is widely referenced and describes it as "the activity, institutions, and processes of creating, communicating, delivering, and exchanging offers that provide value for customers, clients, partners, and society in general." Another definition of marketing is its characterization as a social process that helps individuals and groups acquire what they desire or require by creating, offering, and exchanging products and services with other individuals or groups, according to Kotler et al. (2012).

According to Kotler, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others (Kotler et al., 2019).

One of the most notable contributions to marketing is the concept of the marketing mix. The marketing mix consists of four key elements: product, price, place, and promotion.

Another significant concept in the field of marketing is the concept of segmentation, targeting, and positioning (STP). This approach involves dividing the market into smaller segments and targeting specific groups of customers with tailored marketing messages. Kotler argued that this approach is more effective than trying to appeal to everyone with a single message (Kotler et al., 2019).

Kotler also emphasized the importance of customer satisfaction and relationship building in marketing. He argued that building strong relationships with customers is essential for long-term success. This approach involves understanding customer needs and preferences and delivering products and services that meet those needs. Kotler also emphasized the importance of customer feedback and the role it plays in improving products and services (Armstrong, Saunders, Wong, Kotler, 2004). Many companies now prioritize customer satisfaction and invest heavily in building strong relationships with their customers. This approach has helped companies to improve customer loyalty and retention, leading to long-term success.

3.2 Marketing strategy

"Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of values." (Porter, 1996)

Marketing strategy is the overarching plan that guides a company's marketing activities to achieve its goals and objectives. According to Westwood (2019), a marketing strategy is "the plan that sets out how an organization will achieve its marketing objectives" and it outlines the company's target market, value proposition, competitive advantage, and

marketing mix (4Ps) strategies. The purpose of a marketing strategy is to align the company's marketing activities with its business objectives and provide a roadmap for achieving them.

One key aspect of marketing strategy is brand positioning, which is “the art of creating a clear, distinct, and unique image of a product or service in the customer's mind” (Kosteljik, Alsem, 2020). Brand positioning is an essential part of a marketing strategy as it helps the company differentiate itself from its competitors and create a unique identity that resonates with its target customers.

Another purpose of marketing strategy is to provide a framework for making decisions about product development, pricing, promotion, and distribution. In accordance with Kotler and Keller's definition, marketing strategy refers to the marketing logic employed by a business unit to achieve its marketing objectives (Kotler et al., 2019).

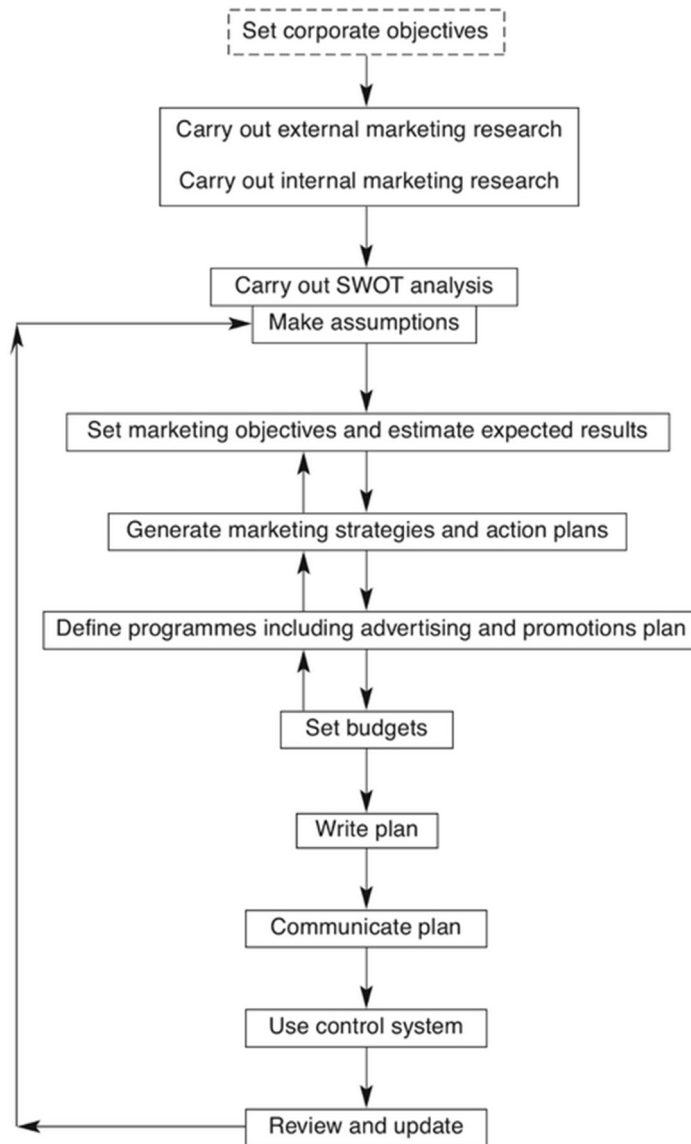
By identifying the target market and understanding their needs and preferences, a company can develop products and services that meet their requirements and create effective marketing campaigns that resonate with them.

Furthermore, a marketing strategy can help a company allocate its resources effectively and prioritize its marketing initiatives based on their potential impact on business objectives. This can help ensure that the company's marketing efforts are aligned with its overall business strategy and are focused on delivering the greatest return on investment.

According to Westwood (2019), the key objectives of marketing strategy include:

1. Identifying and understanding the target market's needs, preferences, and behaviors.
2. Developing a unique and compelling value proposition that differentiates the business from its competitors.
3. Creating a strong and consistent brand image and positioning that resonates with the target audience.
4. Establishing a clear and effective marketing mix that maximizes the value delivered to the customers and the business.
5. Generating awareness, interest, and demand for the business's products or services among the target market.
6. Achieving customer satisfaction, loyalty, and advocacy by delivering high-quality and personalized experiences.

Figure 1. Marketing plan



Source: (Westwood, 2019)

According to Kotler, Kartajaya, and Setiawan (2021), Marketing 5.0 is a marketing strategy that combines human and technological efforts to create personalized experiences for customers. The key concepts of Marketing 5.0 include data-driven marketing, predictive marketing, contextual marketing, augmented marketing, and agile marketing. Data-driven marketing involves optimizing brand communications based on customer data, while predictive marketing uses data to forecast the results of marketing activities. Contextual marketing personalizes the customer experience based on behavior, and augmented marketing enhances customer experience using virtual interactions. Agile marketing proposes a decentralized, cross-functional team to design and validate marketing rapidly. Companies need to embrace a data-driven and agile approach to successfully integrate technology and enhance marketing outcomes. (Kotler, Kartajaya, Setiawan, 2021)

3.3 Segmentation, targeting and positioning.

3.4 Situational analysis

Situational analysis is a crucial step in the marketing process that involves the assessment of a business's internal and external environment to identify its strengths, weaknesses, opportunities, and threats (SWOT). It provides valuable insights into the current state of the business, the market, and the competition, which are essential for developing an effective marketing strategy.

The marketing environment refers to the factors and forces that can impact a business's marketing activities and outcomes. It includes both internal and external factors. The internal environment comprises of all the elements within a company, such as its employees, management, operations, and resources. These factors can significantly impact a business's marketing activities and performance.

In addition to the internal environment, a company's marketing efforts are also influenced by external factors that are beyond its control. These include the demographic environment, economic environment, socio-cultural environment, natural environment, technological environment, and political-legal environment. These external factors are dynamic, and they are continually evolving, so it's essential for businesses to monitor and analyze them carefully to adjust their marketing strategies accordingly (Armstrong, Saunders, Wong, Kotler, 2004).

Situational analysis plays a critical role in developing an effective marketing strategy. It helps to identify a business's internal and external environment, which is necessary for developing a marketing plan that aligns with the company's goals, objectives, and resources. Situational analysis also provides valuable insights into the market, customers, and competitors, which is necessary for developing marketing strategies that create a competitive advantage and deliver value to customers.

3.5 External analysis

3.5.1 Market Overview

According to Westwood (2019), the market overview involves analyzing the size, the state of the market (is it a new, mature, or saturated market), growth rate, and trends of the market in which the company operates. It also involves examining the market segments and the company's position within them, and channels of distribution and methods of communication. This analysis helps the company identify market opportunities and develop effective marketing strategies.

3.5.2 Environmental Analysis (PEST)

The environmental analysis involves evaluating the external factors that can impact on the company's marketing performance. This analysis is commonly done using the PEST framework, which stands for Political, Economic, Social, Technological factors. Legal and

Environmental factors can be analyzed as well. This framework helps the company identify potential threats and opportunities in the external environment and develop effective marketing strategies that take into account these factors.

3.6 Internal analysis

Internal analysis is a critical component of the situational analysis process in marketing. It involves assessing the internal factors that impact a company's operations and marketing activities. The primary objective of internal analysis is to identify the company's strengths and weaknesses, which helps in developing effective marketing strategies.

3.6.1 Company Profile

One critical aspect of internal analysis is assessing the company's resources and capabilities. This includes evaluating the company's tangible and intangible assets, such as financial resources, human resources, technology, brand image, and reputation. By evaluating these resources, companies can determine their competitive advantage, which is the unique set of resources and capabilities that differentiates them from their competitors.

Another crucial element of internal analysis is assessing the company's structure and culture. This includes evaluating the company's organizational structure, leadership style, decision-making process, and culture. By assessing the company's structure and culture, companies can identify any organizational barriers that may hinder their marketing efforts.

Internal analysis also involves evaluating the company's financial performance. This includes analyzing the company's profitability, liquidity, and solvency. By evaluating these financial metrics, companies can identify any financial constraints that may limit their marketing efforts.

3.6.2 Marketing Mix (4Ps)

The marketing mix, also known as the 4Ps, is a foundational framework for developing and implementing a successful marketing strategy. The 4Ps consist of product, price, promotion, and place, and each element plays a critical role in the success of a product or service. In this chapter, we will explore each of the 4Ps in depth and examine how they can be leveraged to create a comprehensive and effective marketing plan. Kotler argued that these four elements must work together in a coordinated way to create an effective marketing strategy (Armstrong, Saunders, Wong, Kotler, 2004).

Product

The product element of the marketing mix refers to the physical or intangible item that a company offers to its customers. This could be a tangible item such as a smartphone or a service such as a consulting service. When considering the product, marketers should consider factors such as product features, design, packaging, and branding.

Product features refer to the specific characteristics of the product, such as its size, weight, and functionality. The design of the product is also important, as it can impact its perceived value and attractiveness to customers. Packaging is also an essential component of the product, as it can help to communicate its value proposition and differentiate it from competitors. Finally, branding is critical in creating an emotional connection between the product and its target market.

Price

The price element of the marketing mix refers to the amount that a customer is willing to pay for a product or service. When setting prices, marketers should consider factors such as production costs, competitors' pricing, and the perceived value of the product to the customer.

It is important to note that pricing strategies can vary depending on the product or service being offered. For example, a luxury brand may price their products higher to reflect their exclusivity and quality, while a low-cost airline may offer discounts to attract price-sensitive consumers.

Promotion

The promotion element of the marketing mix refers to the communication strategies used to promote a product or service to its target market. This can include advertising, public relations, sales promotions, and personal selling.

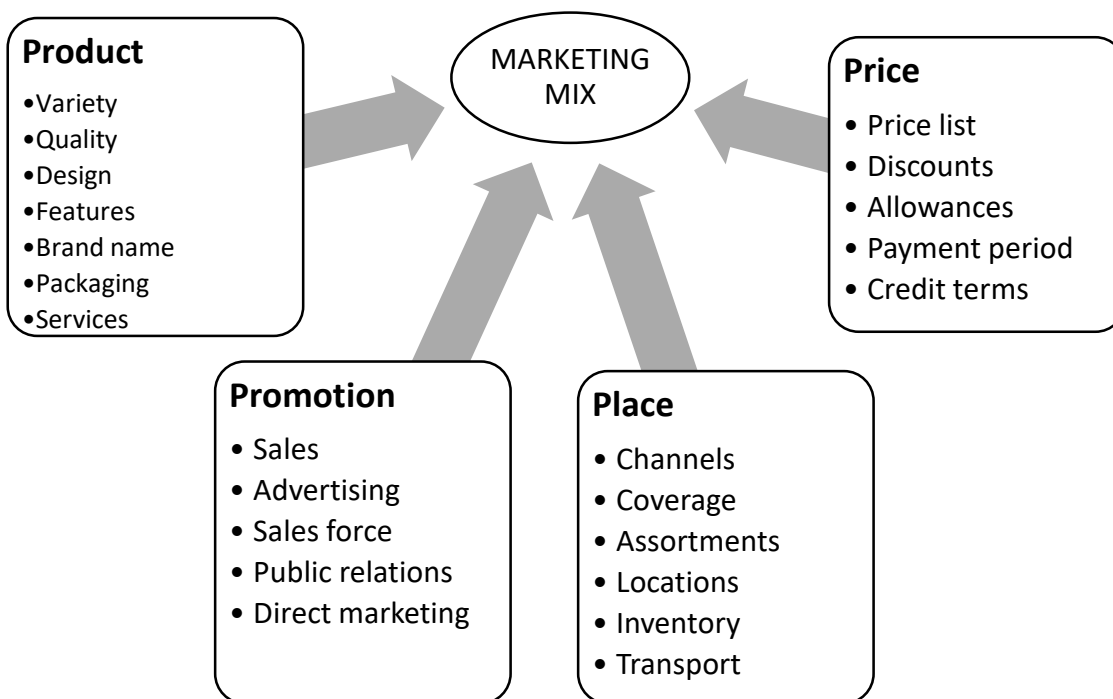
When developing a promotional strategy, marketers should consider their target audience, their communication objectives, and the most effective channels for reaching their target market. For example, if the target market is young adults, social media advertising may be an effective promotional tool, while if the target market is older adults, traditional advertising methods such as print and television may be more effective.

Place

The place element of the marketing mix refers to the channels and methods used to distribute a product or service to its target market. This can include physical storefronts, online marketplaces, and distribution networks.

When considering the place element of the marketing mix, marketers should consider factors such as the accessibility of the product to the target market, the efficiency of the distribution channels, and the cost of distribution. For example, if the target market is international, a company may need to establish a network of distributors in different regions to ensure that the product is accessible to customers.

Figure 2. Marketing mix



Source: (Kotler et al., 2019)

The 4Ps of the marketing mix provide a comprehensive framework for developing and implementing a successful marketing strategy. By carefully considering each of the elements, marketers can create a product or service that meets the needs and desires of their target market, at a price that they are willing to pay, with a promotional strategy that effectively communicates the value proposition, and distributed through channels that are accessible and efficient. The 4Ps provide a solid foundation for any marketing plan and should be considered carefully when developing a marketing strategy.

3.7 SWOT Analysis

SWOT analysis is a widely used tool in marketing research and analysis. It is used to evaluate a business's internal and external environment to identify its strengths, weaknesses,

opportunities, and threats. By identifying these factors, a business can develop strategies to capitalize on its strengths, minimize its weaknesses, take advantage of opportunities, and prepare for potential threats. (Helms, Nixon, 2010)

Several studies indicate that SWOT analysis is a popular tool among managers in their strategic decision-making process (Knott, 2008). The Oxford Handbook on Strategy notes that “the best and most familiar example of an organizing framework is SWOT analysis” (Kay, McKiernan,, Faulkner, 2006).

Table 1. SWOT analysis framework

Internal	Strengths Strengths are attributes that distinguish the business from its competitors and give it a competitive advantage in the market. These can include a strong brand reputation, loyal customer base, skilled employees, advanced technology, and efficient operations.	Weaknesses Weaknesses are factors that the business has control over, but they hinder the business's ability to compete in the market. These can include inadequate resources, lack of brand recognition, limited product line, outdated technology, and inefficient operations.
External	Opportunities Opportunities are external factors that can provide potential for growth and success. These can include emerging markets, changing consumer trends, new technologies, and strategic partnerships.	Threats Threats are external factors that can pose risks to the business' success. These can include economic downturns, competitive pressures, changes in regulations, and natural disasters.

Source: Helms, Nixon, 2010

SO, ST, WO, WT strategies are a part of a SWOT analysis.

SO (Strengths-Opportunities) strategies involve leveraging a company's internal strengths to take advantage of external opportunities. For example, if a company has a strong brand reputation, it can use that reputation to expand its product lines or enter new markets. The goal is to capitalize on the company's strengths to achieve growth and success.

ST (Strengths-Threats) strategies involve using a company's internal strengths to address external threats. For example, if a company is facing increasing competition, it can use its strengths to differentiate itself and maintain its market share. The goal is to protect the company's position in the market and mitigate potential threats.

WO (Weaknesses-Opportunities) strategies involve addressing internal weaknesses to take advantage of external opportunities. For example, if a company has a weak online presence but sees an opportunity to reach new customers through e-commerce, it can focus on improving its online capabilities. The goal is to overcome internal weaknesses that may be holding the company back and take advantage of external opportunities.

WT (Weaknesses-Threats) strategies involve addressing internal weaknesses to mitigate external threats. For example, if a company is facing declining sales due to its outdated product offerings, it can focus on developing new products or improving existing ones to stay competitive. The goal is to address internal weaknesses that may be exacerbating external threats and protect the company's position in the market.

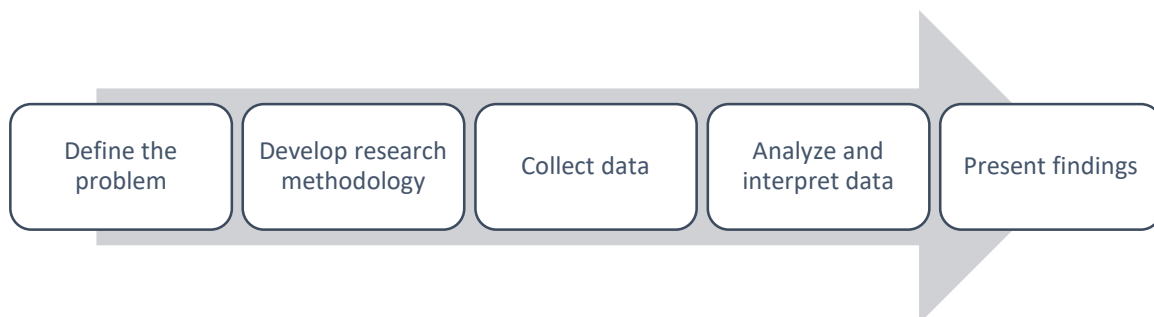
3.8 Marketing research

In marketing research, the initial step is to identify and define the research problem and objectives. During the first stage, it is crucial to establish clear and specific instructions for the researchers. This can involve determining whether the aim of the research is to quantify demand through descriptive research, or to identify problems and generate new ideas.

The next step involves creating a plan for effective data collection and estimating the costs of the entire research. Marketing researchers can collect both primary and secondary data. Primary data refers to information collected directly for the specific research purpose, while secondary data refers to the use of previously collected data. Common methods used in marketing research include observation, questioning, experiments, focus groups, and behavioral methods. (Stevens et al., 2012)

The third step in the research process is the actual collection of data, which can be the most expensive and prone to errors. The fourth stage involves processing the data obtained and testing outputs, hypotheses, and theories using statistical techniques. In the final stage, established facts and findings that are relevant to marketing decisions are presented (Kotler et al., 2019).

Figure 3. Marketing research



Source: (Kotler et al., 2019)

4 Practical Part

4.1 Description of the company

The chosen company is the „Showroom.“, which is a collaborative initiative between eight Czech designers and one Hungarian brand. The project, established in 2015, has been successful in producing a diverse range of products such as fashion wear, jewelry, leather handbags, accessories, shoes, spectacle frames, and home design. The wide variety of products has made Showroom a popular destination among customers seeking creative and high-quality designs.

The project is dedicated to supporting local production and craftsmanship, which is one of its core values. Showroom has partnered with local designers who prioritize the use of sustainable and environmentally friendly materials in its production process. The project aims to promote local production and create a gentle approach to nature and the surroundings.

Located in the Prague city center at Klimentská 3, Showroom has an inviting and sophisticated minimalist space that enhances the shopping experience. The regular presence of one of the designers in-store ensures that customers receive personalized attention and assistance in making informed purchasing decisions.

Showroom's commitment to creativity and innovation is also evident in its practice of hosting guest designers or brands every three months. This initiative serves as a platform for the project to showcase the latest industry trends and designs. It also keeps customers engaged and interested in the store's offerings by providing fresh perspectives and new product lines.

Legal information:
Responsible person: Zuzana Basterrech
Chelčického 14, Prague 3, 130 00
IČO – 02081750

Website: <https://www.showroomdot.cz/>

Figure 4. Logo of Showroom.



SHOWROOM.

Source: (SHOWROOM. Website, 2023)

4.2 External analysis

4.2.1 PEST analysis

PEST analysis is a tool used to analyze the external factors that can influence a business, including Political, Economic, Sociocultural, and Technological. Legal and Environmental factors can be analyzed as well. It can also help identify potential opportunities and threats in the external environment, which can be used to adjust the business strategy accordingly.

Political:

Political factors refer to the government policies, laws, and regulations that can impact a business or industry. Here are political factors that may impact the Showroom and fashion industry in Czech Republic.

The Czech Republic has a stable government with a multi-party system and regular elections. The current government is led by Prime Minister Petr Fiala. However, the EU has experienced some political instability in recent years, such as the Brexit vote in the UK, which can impact trade negotiations and the implementation of new policies.

Labor laws and trade policies can impact the showroom's operations. In the Czech Republic, labor laws regulate employment practices such as working hours, minimum wage, and health and safety standards. This means that the fashion showroom must comply with these laws to avoid penalties and fines, which can impact their profitability. The showroom may also need to factor in labor costs when pricing their products.

Regulations and laws concerning the retail and fashion industry, such as labor laws and trade policies in Czech Republic:

- *Zákon č. 262/2006 Sb., zákoník práce* (Labour Code)
- *Zákon č. 110/2019 Sb. Zákon o zpracování osobních údajů* (GDPR)
- *Zákon č. 455/1991 Sb. Zákon o živnostenském podnikání* (Trade Licensing Act)
- *Zákon č. 634/1992 Sb., o ochraně spotřebitele* (Consumer Protection Act)

Taxation and duties can impact the fashion showroom's profitability and pricing strategies.

The Czech Republic has a corporate tax rate of 19%. From January 2024 this rate will increase by two percentage points to 21%, which is lower than the EU average of 21.7%, thus can be an advantage for businesses operating in the country. The country also has a value-added tax (VAT) rate of 21%, which applies to most goods and services, including clothing and accessories.

The EU imposes import tariffs on certain goods, such as clothing and footwear. For example, the EU's tariff on imported cotton t-shirts is 12%, while the tariff on leather shoes is 17%.

These tariffs can increase the cost of importing materials or finished products, which can impact the fashion showroom's profitability. The fashion showroom may need to factor in these tariffs when pricing their products.

The EU has implemented various policies related to the fashion industry, such as the EU's Ecolabel, which provides voluntary certification for clothing and textile products that meet environmental and sustainability criteria. This certification can be an important selling point for fashion products in the EU market, as consumers are becoming increasingly concerned about sustainability and ethical practices. The EU has also implemented regulations related to worker safety and human rights, such as the REACH regulation, which regulates the use of chemicals in textiles. The Common Customs Tariff imposes tariffs on imported goods, which can increase the cost of importing materials or finished products. On the other hand, free trade agreements can provide opportunities for the fashion showroom to expand their market and source materials at a lower cost.

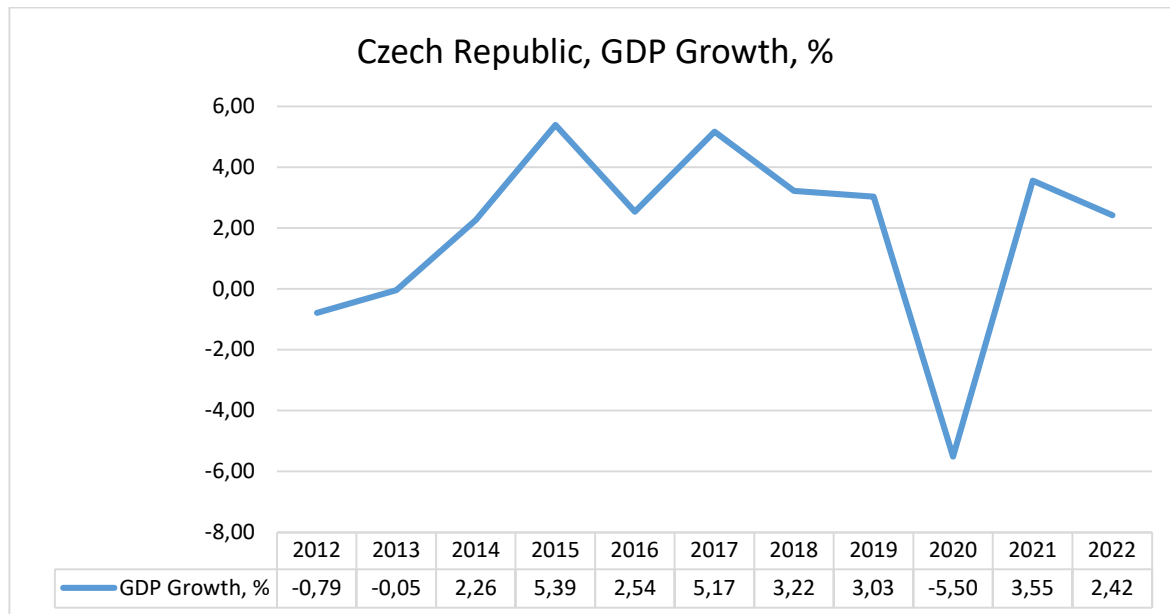
The political situation was recently affected by the covid-19 pandemic, which introduced new government measures or restrictions. With the government measures, a large number of companies in the Czech Republic had to close their stores or otherwise restrict their operations for some time. One of the most significant impacts of COVID-19 was the reduction in consumer spending. With many people losing their jobs or having their income reduced, consumers became more cautious about spending money on non-essential items like fashion products. This reduction in demand had a ripple effect on the entire fashion industry, including local designers who rely on sales from the showroom to sustain their businesses. The showroom had to pivot to online sales and find other creative ways to reach customers, one of which was the e-shop campaign on HitHit platform.

The showroom may rely on employees from other countries, and immigration policies can impact the availability and cost of labor. The Czech Republic has implemented stricter immigration policies in recent years, which can impact the fashion showroom's ability to hire foreign workers. For example, citizens of EU member states have the right to live and work in the Czech Republic without a visa or work permit. But non-EU citizens must have a work permit to work in the Czech Republic, which can be time-consuming and expensive to obtain.

Economic:

According to OECD, the Czech Republic's GDP growth between 2012 and 2022 exhibited considerable fluctuations. It started with a contraction in 2012-2013, followed by a strong upturn in 2014-2017, peaking at 5.39%. Subsequent years saw moderate growth until a significant dip of -5.50% in 2020 due to the pandemic. The COVID-19 pandemic has had a significant impact on the economic situation in the Czech Republic, as it has in many other countries around the world. The pandemic led to a nationwide lockdown in the Czech Republic in March 2020, which caused many businesses to shut down or reduce operations. However, 2021 showed resilience with a 3.55% growth, and 2022 indicated a modest recovery at 2.42%. These shifts highlight the country's adaptability to varying economic conditions, from rapid expansion to pandemic-induced setbacks and subsequent recovery efforts.

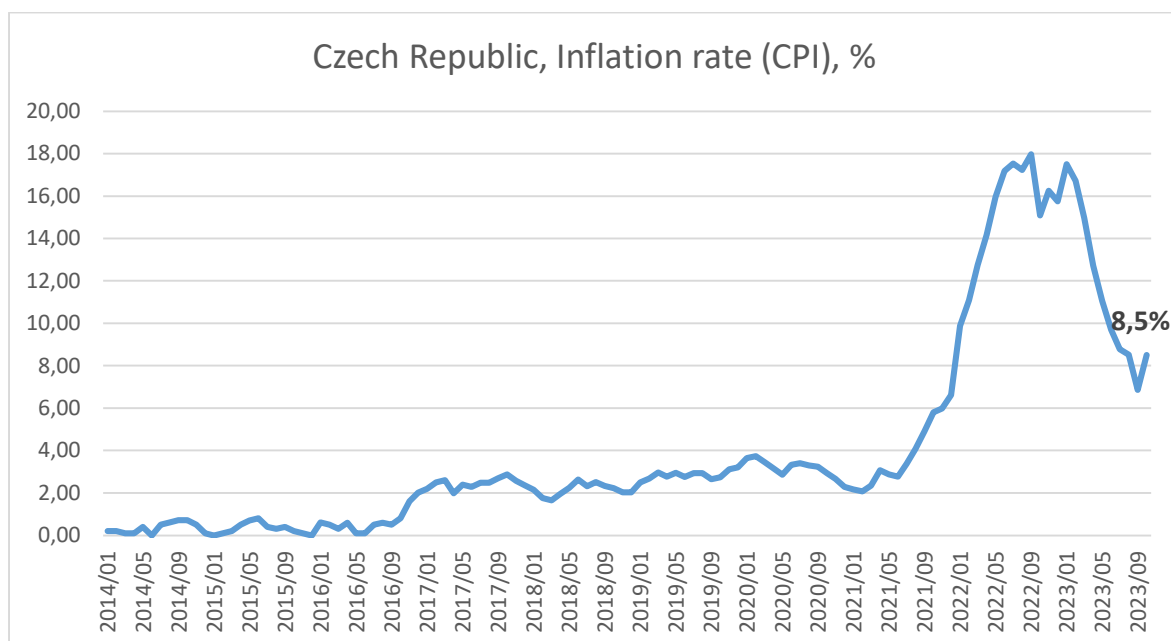
Figure 5. Czech Republic GDP Growth in 2012-2022, % to previous period



Source: (OECD 2023), own calculations based on OECD Data

The inflation data for the Czech Republic from 2014 to 2023 showcases varied patterns. Initially, from 2014 to early 2017, inflation remained relatively stable, fluctuating between 0% and 2.7%. However, from mid-2017 to late 2021, inflation gradually increased, reaching substantial levels by the end of 2021 at 6.61%. The most striking inflation surge occurred from early 2022, with a rapid acceleration reaching a peak of 17.97% in September 2022. Subsequently, from late 2022 to 2023, there was a noticeable decline in inflation rates, albeit remaining high compared to previous years, hovering between 6.86% and 17.50%. This rollercoaster of inflation rates signifies a prolonged period of heightened price pressures, likely driven by multiple factors such as global economic conditions, supply chain disruptions, and potentially domestic policy changes.

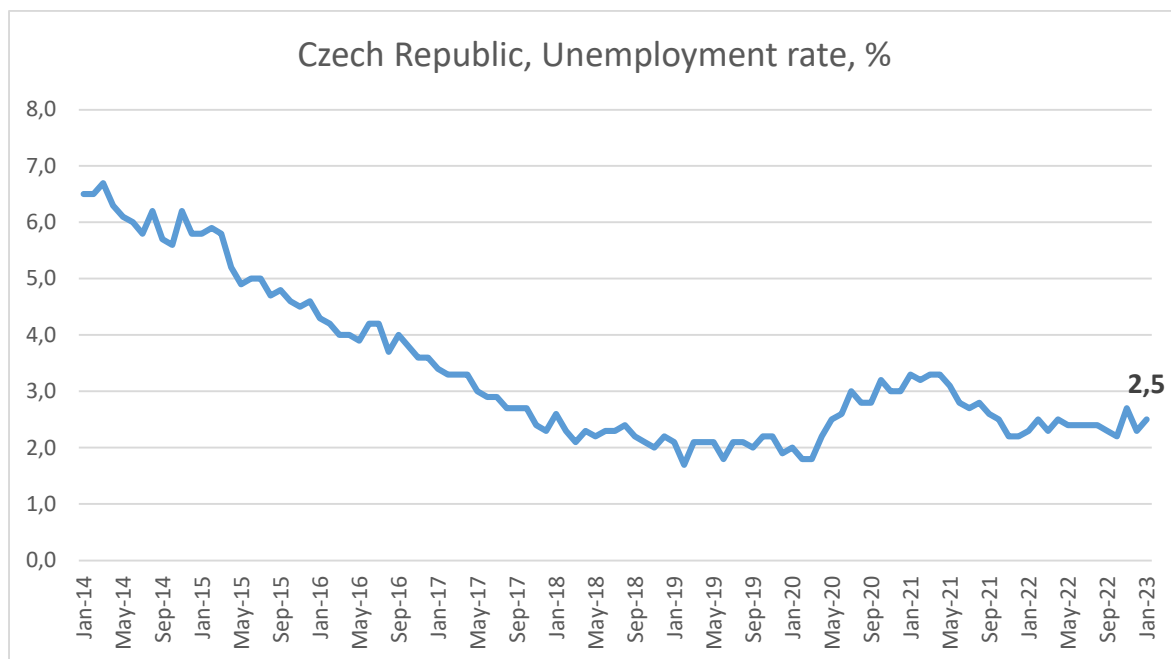
Figure 6. Czech Republic Inflation in 2014-2023, %



Source: (OECD 2023), own calculations based on OECD Data

Despite these challenges, there are also some positive economic indicators in the Czech Republic. For example, the country's unemployment rate has remained relatively low, at 2.5% in January 2023, which is below the EU average of 6.2%.

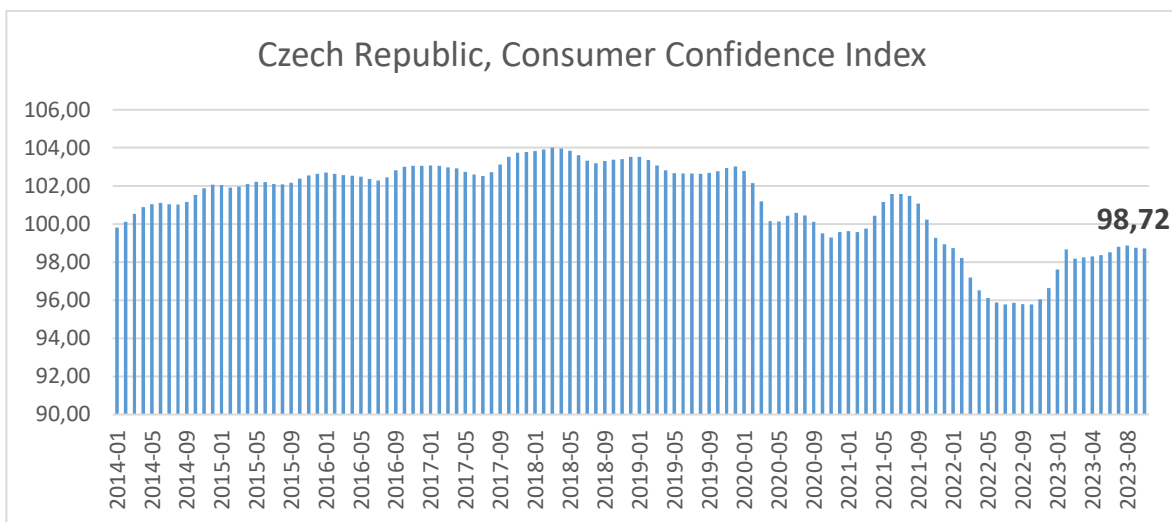
Figure 7. Czech Republic Unemployment rate in 2014-2023, %



Source: (OECD 2023), own calculations based on OECD data

The COVID-19 pandemic has had a significant impact on consumer confidence in the Czech Republic. According to OECD, the consumer confidence indicator uses information on predicted financial status, sentiment about the general economic situation, unemployment, and savings potential to predict future trends in household spending and saving. An index above 100 indicates that consumers are more confident about the future economic conditions, which makes them more likely to spend money on significant purchases over the next 12 months rather than saving. On the other hand, a reading below 100 indicates a negative outlook on future economic developments, which may lead to a greater desire to save and reduce consumption. In 2022, the consumer confidence index dropped to 95.78, its lowest point since the 2008 financial crisis. However, the index has since recovered, reaching 98.72 in October 2023. This recovery suggests that consumers are becoming more optimistic about the economic outlook and may be more willing to spend money on fashion products.

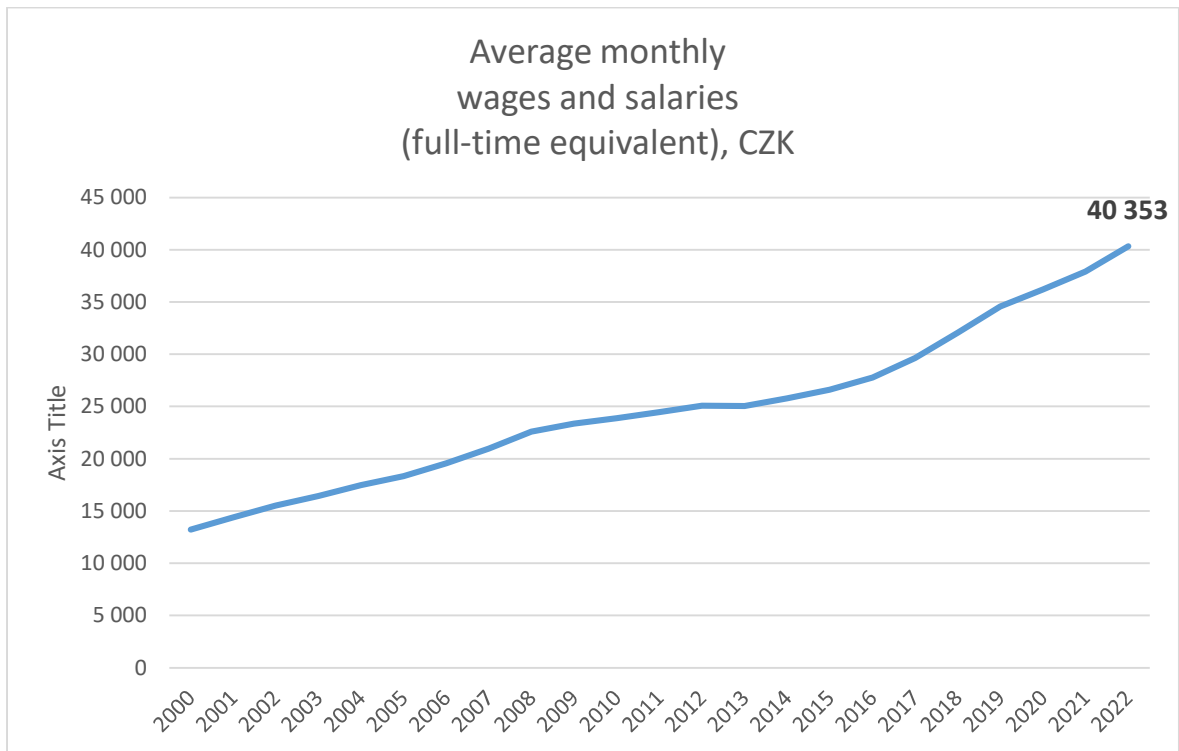
Figure 8. Czech Republic Consumer Confidence Index in 2014-2023



Source: (OECD 2023), own calculations based on OECD data

Labor costs are a significant consideration. In the Czech Republic, the average monthly salary in 2022 was 40353 CZK, which is lower than many other European countries. This can make it more cost-effective to manufacture products in the Czech Republic than in other countries. The Czech Republic is not a member of the eurozone and uses its own currency, the Czech koruna. This can be an advantage for fashion showrooms that import products or materials, as the exchange rate can impact the cost of goods. In 2022, the exchange rate between the Czech koruna and the euro has been relatively stable, which can provide predictability for businesses. In March 2023 1 EUR = 24 CZK. It is worth mentioning that the Czech Republic will probably adopt the euro and join the eurozone in the future, but current cabinet does not intend to do it within this term.

Figure 9. Czech Republic Average monthly wage in 2000-2022, CZK



Source: (Czech Statistical Office, 2023), own calculations based on CZSO Data

E-commerce is growing quickly, and the pandemic has accelerated this trend. In 2020, a majority of individuals in the EU27 reported purchasing clothes, shoes, or accessories online. However, firms involved in textile, apparel, leather, and related products use e-commerce tools minimally. Only 18% of these firms made sales online in 2020, and on average, only 11% of their turnover was derived from e-commerce. The switch to online sales impacts skill demands for manufacturers and retailers, and the rise of e-commerce platforms threatens direct online sales for manufacturers. European fashion platforms now face competition from multi-sectoral marketplaces like Amazon. The move to online sales can open new markets and intensify competition. Fashion brands are now experimenting with hybrid business models that combine e-commerce and physical stores. (EUROPEAN COMMISSION Directorate-General for Internal Market, Industry, Entrepreneurship & Smes, 2021)

Overall, the economic factors in the Czech Republic present both opportunities and challenges for Showroom. The recovering consumer confidence can create a larger market for fashion products, while the relatively low labor costs can make it more cost-effective to produce products in the country. However, business must also consider the impact of high inflation and other economic factors on their operations.

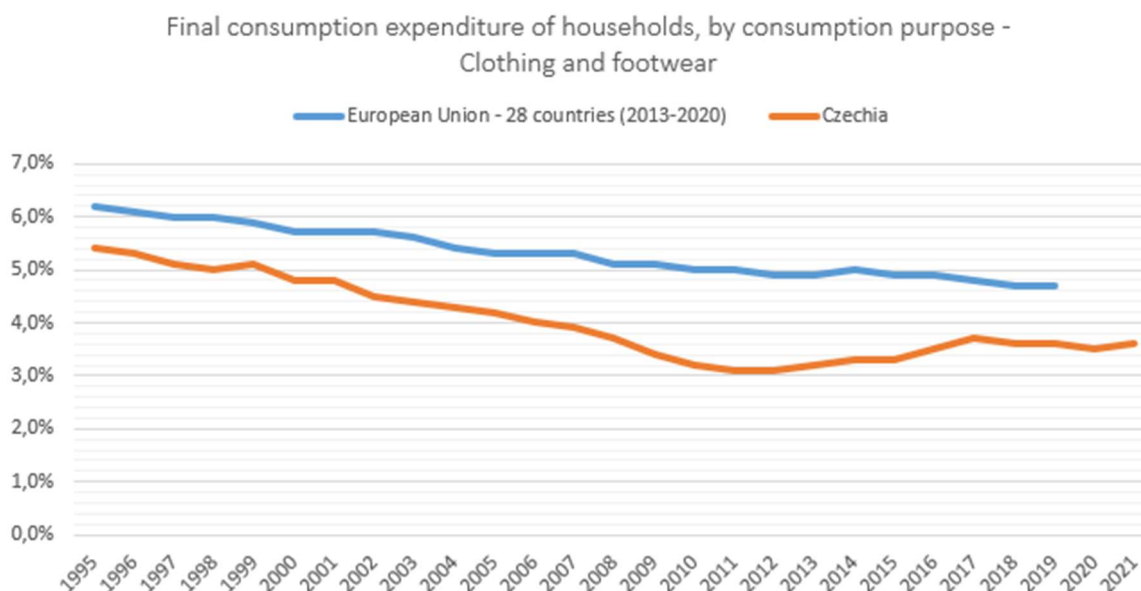
Sociocultural:

In the case of the Showroom, there are several key sociocultural factors that should be taken into consideration as part of a PEST analysis.

Consumer preferences and trends - Czech consumers are becoming increasingly interested in sustainable and ethical fashion, with a focus on quality over quantity. According to a recent Ipsos survey as part of the CSR, Reputation Research, 72% of consumers perceive corporate responsibility and sustainability as an added value of their products or services and 44% consider it an important aspect of their purchasing decisions. 57% of Czech consumers said they were willing to pay more for sustainable products in 2022, up from 49% in 2019. The issue generally resonates more with women and younger consumers, which is reflected in their greater willingness to pay more, but usually no more than 10% extra.

In 2021 Czech households spent 3.6% of total expenditures on clothing and footwear.

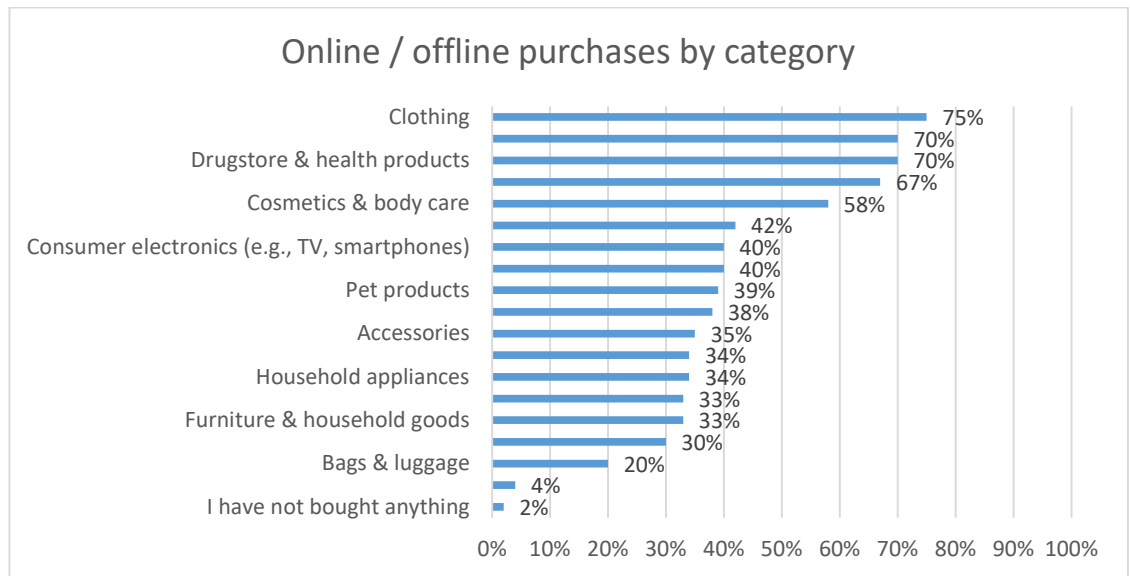
Figure 10. Final consumption expenditure of households – Clothing and footwear. 1995-2021



Source: (Eurostat, 2023), own calculations

According to Statista Consumer Insights the standout categories for consumers in the last year in Czechia were "Shoes" (70%) and "Clothing" (75%), indicating a significant majority favoring fashion-related purchases. (Statista, 2023)

Figure 11. Online and offline purchases by category



Source: Statista Consumer Insights - Czechia, 2023

The apparel industry has been increasingly interested in sustainable product strategies due to corporate social responsibility and environmental protection concerns. According to (Yang, Dong, 2017) firms and consumers can both benefit from sustainable product strategies.

According to “*Support report mapping sustainable fashion opportunities for SMEs*” (European Commission, 2019) the following emerging trends have been identified in sustainable fashion activities:

- **Shifting Consumer Attitudes:** There is a change in consumer values towards a more experiential and sharing economy, as opposed to traditional possession-based consumerism. This shift is particularly noticeable among younger generations such as millennials and Gen Z, who are more conscious of social and environmental issues.
- **Clothing Lifespan Extension:** The most effective way to improve the sustainability of clothing is by extending their active life. This is accompanied by a reduction in the purchase of new items.
- **Clothes Sharing:** Similar to other sectors such as car hire and accommodation, the sharing economy is emerging in fashion, with new business models that promote reuse, collective use, rental, and prolonged life of clothes. This trend indicates a growing market for pre-owned clothing.
- **Digital Technologies, Customization, and Fashion on Demand:** Digital technology is enabling new business models based on personalization and customization of clothing and footwear, as well as demand-led production. Online platforms for rental and reselling are also extending the sharing economy to fashion.
- **FashionTech or Wearables:** This trend involves integrating technology and electronic components into clothing and accessories for enhanced functionality or monitoring. However, a design for sustainability approach is urgently needed to ensure that this trend is sustainable.

Fashion SMEs working with sustainability recognize various advantages and opportunities, such as the following:

Table 2. Advantages and opportunities for fashion SMEs

Advantages and opportunities	
Creative Entrepreneurship	The opportunity to achieve their sustainability vision and impact through creative entrepreneurship.
Strategic Control	The freedom to make decisions and control strategic direction while building relationships with suppliers
Experimentation	Flexibility to test ideas and experiment with materials and business models
Sustainable Design Innovation	Exploring design-driven innovation for environmental, social, cultural, and economic sustainability.
First-Mover Advantage	Enabling the first-mover advantage through sustainability
Positive Engagement	Positive engagement with customers, suppliers, and the community

Source: (European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2019)

However, fashion SMEs working with sustainability also face various challenges, such as:

Table 3. Challenges for fashion SMEs

Challenges	
Competition	Competition from high volume/low price corporations, particularly on the costs of materials and labor and meeting minimum fabric quantities.
Access to Markets	Difficulty in accessing showcases and responsive markets
Consumer Awareness	Lack of consumer awareness, which makes it challenging to scale up niche businesses
Funding	Lack of appropriate finance and grants, including repayable finance and patient capital
Technical Challenges	Technical challenges, such as access to design tools and sustainable (e.g., recycled) materials
Supply Chain Transparency	Difficulty in establishing full supply-chain transparency

Source: (European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2019)

This shift in consumer attitudes presents an opportunity for Showroom and collaborating designers to differentiate themselves by offering sustainable and ethically-produced fashion.

Kotler, Hessekiel, and Lee (2012) suggest that companies can also help create lasting change by altering consumer behavior for the better. Socially responsible business practices are critical for a company's future success, and companies have a significant opportunity to do good while also increasing profits, improving employee satisfaction, and fostering customer loyalty. (Kotler, Hessekiel, Lee, 2012)

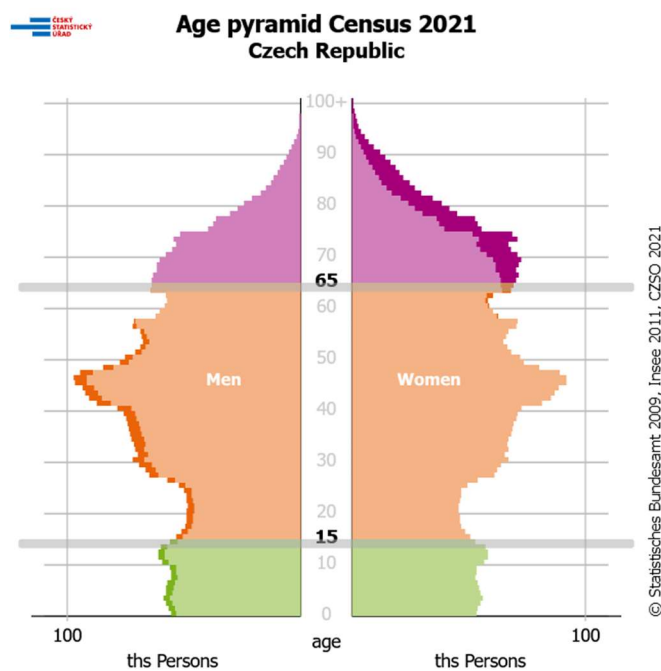
Demographic trends - The Czech Republic has an aging population, with an average age of 42.7 years in 2021, according to the CZSO. This demographic trend may have implications for the types of products and marketing strategies that are most effective for a Showroom. For example, older consumers may be more interested in classic, timeless styles rather than trendy, fast fashion.

Table 4. Age groups (2021)

Age	Mill.	%
65+	2.15	20.4
15–64	6.68	63.5
<15	1.69	16.1
Total	10.52	100

Source: (Czech Statistical Office, 2021)

Figure 12. Age pyramid by sex

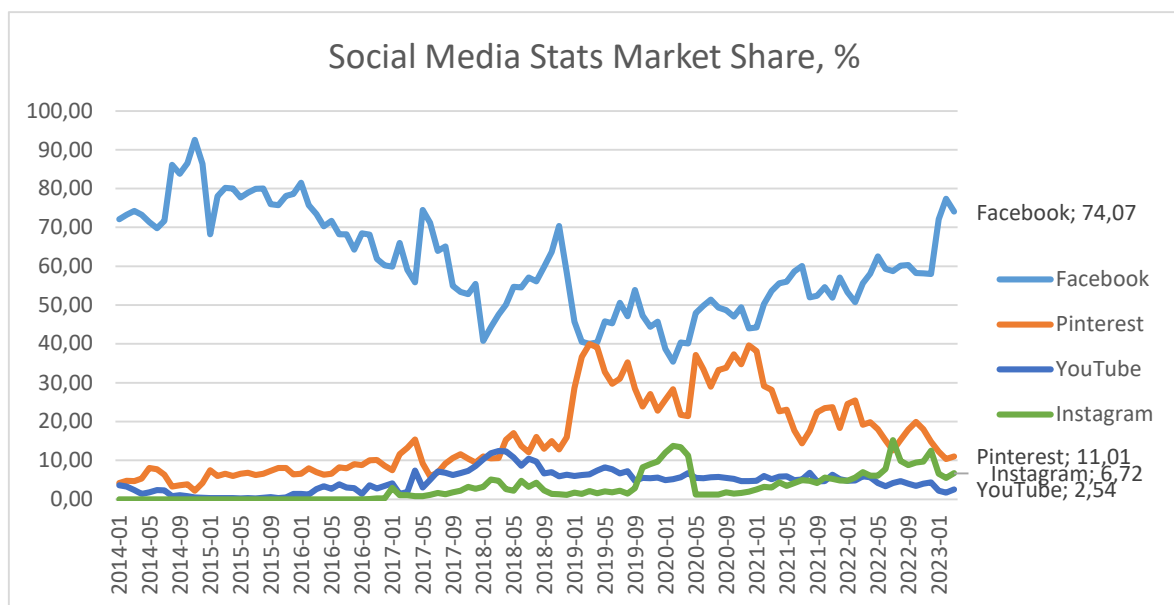


Source: (Czech Statistical Office, 2021)

Social media has become an increasingly important factor in the fashion industry, as it can influence consumer behavior and preferences (Chetioui, Benlafqih, Lebdaoui, 2020). In the Czech Republic, social media platforms like Instagram and Facebook are popular, with many fashion influencers and bloggers gaining large followings. Also, Pinterest is one of the popular visual-oriented social media platforms that can be used for promotion. Fashion influencers can create a sense of personal connection with their followers, which leads to a higher level of trust and credibility. Additionally, the perceived expertise of fashion influencers in the field of fashion can positively impact consumers' purchase intentions, as followers may view them as knowledgeable sources of information. Furthermore, the study found that the type of content that fashion influencers share can also influence purchase intentions. For instance, product reviews, recommendations, and demonstrations of clothing items may motivate followers to make purchases. (Chetioui, Benlafqih, Lebdaoui, 2020)

According to Statcounter Global Stats, 2023 market share of social networks in the Czech Republic are following: Facebook has 74%, followed by Pinterest with 11% and Instagram (6,7%) and Youtube (2,5%).

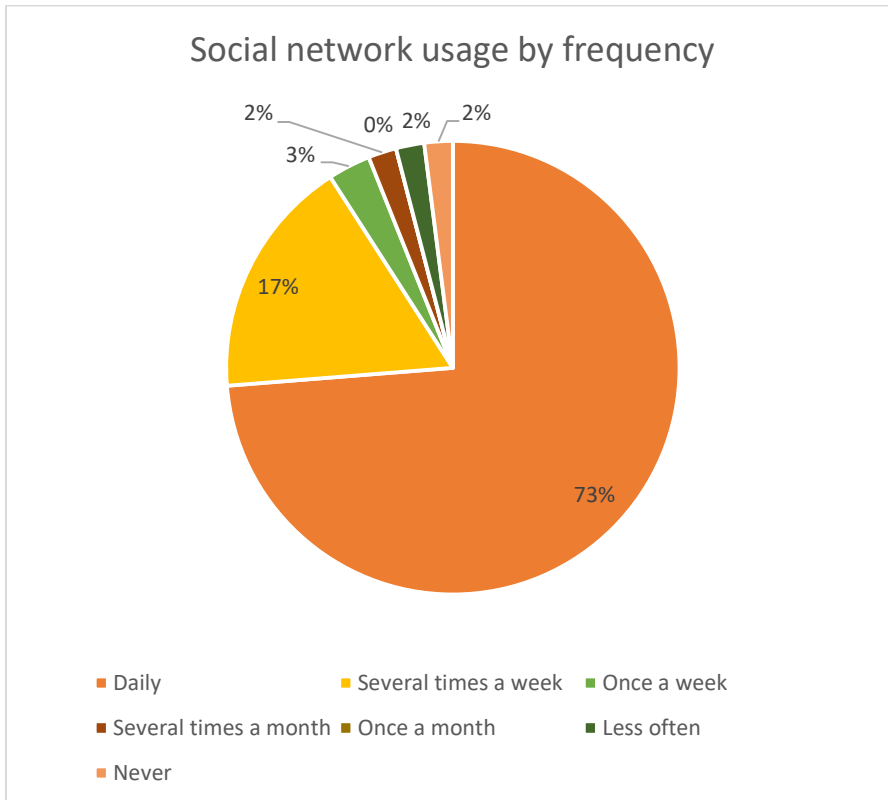
Figure 13. Social Media Market Share Statistics in the Czech Republic, 2014-2023, %



Source: (*Social Media Stats Czech Republic | Statcounter Global Stats, 2023*), own calculations

As depicted in Figure 14, the majority of users in the Czech Republic in 2023 (73%) use social networks daily, 17% use them at least several times a week, while only 10% use them less than once a week.

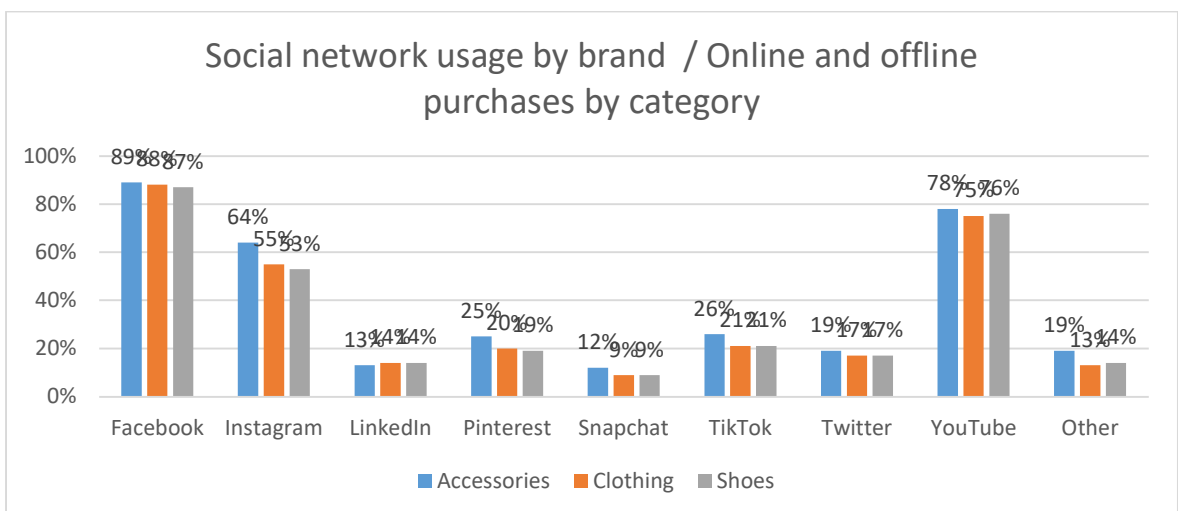
Figure 14. Social network usage by frequency



Source: (Statista Consumer Insights – Czechia, 2023), own calculations

Additionally, according to Statista Consumer Insights, the usage of social networks is very high among the consumers who have bought clothing, shoes and accessories in the last 12 months. (Statista, 2023) It is worth noting that people buying accessories use visual content-based social networks (Pinterest, Instagram, Tiktok) more often than consumers who bought clothing and shoes. Overall, it is indicative that Showroom can leverage its presence in the social networks.

Figure 15. Social network usage by brand / Online and offline purchases by category



Source: (Statista Consumer Insights – Czechia, 2023), own calculations

According to the figure 16, the majority of respondents in the Czech Republic in 2023 (76%) prioritize comfort and practicality when it comes to apparel and footwear, emphasizing the importance of functionality in their clothing choices. A significant proportion (36%) consider dressing well to be very important, indicating a concern for personal presentation and style. While 42% of respondents tend to shop at the same stores consistently, indicating brand loyalty or familiarity, a notable 80% actively seek out special offers while shopping, highlighting a preference for cost-effective purchases.

Among the responses, 17% claim not to buy fast fashion, suggesting a significant portion of the sample is conscious of the environmental and ethical implications of their clothing purchases. However, a sizeable portion (13%) admits to frequently buying clothes that they never end up wearing, indicating potential inefficiencies in their shopping habits. Additionally, 30% of respondents admit to making spontaneous purchases while strolling through stores, suggesting a tendency towards impulsive buying behavior. A minimal percentage (1%) indicates that none of the provided statements apply to them.

Overall, these findings shed light on various aspects of consumer behavior in the apparel and footwear market, including considerations of comfort, style, brand loyalty, price sensitivity, sustainability, impulse buying, and individuality. (Statista, 2023)

Figure 16. Attitude towards shopping

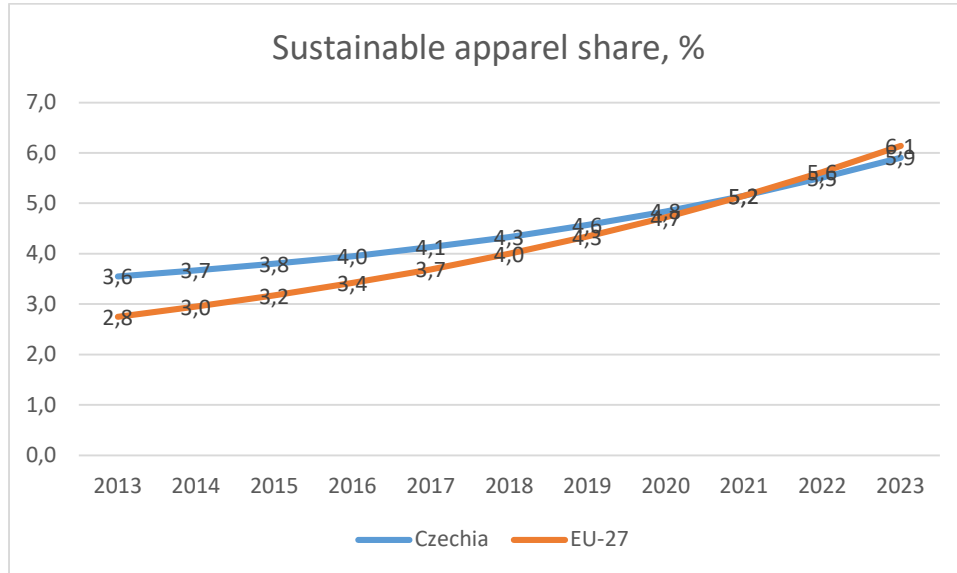


Source: (Statista Consumer Insights – Czechia, 2023), own calculations

The textile, leather, and fashion sectors are often criticized for their negative impact on the environment and their resource-intensive practices. In the EU, textile waste amounts to 5kg per person, with the largest markets (such as Germany, France, Romania, Poland, and Italy) being the main contributors. Although some countries have reduced their waste levels since 2004, textile waste in the EU27 has increased by 5% to 2.3 billion tonnes. The adoption of second-hand and rental business models in the fashion industry shows promise, but they currently only account for a small percentage of the market. (EUROPEAN COMMISSION

Directorate-General for Internal Market, Industry, Entrepreneurship & Smes, 2021) Sustainable apparel share is constantly increasing in the EU and the Czech Republic in the last 10 years, as depicted in following graph.

Figure 17. Sustainable apparel share, %



Source: (Statista Market Insights, Apparel – Czechia, EU 2023), own calculations

Technological:

The EU27 is a key innovator for the textile ecosystem worldwide, holding the highest number of patents, registered industrial designs, and trademarks. However, sustained growth in innovation capacities has been observed in some Asian economies, primarily China. Textile products are used in a variety of sectors, including agriculture, construction, automotive, healthcare, electronics, and military sectors. The EU has a trade surplus in most textile products used for agriculture, automotive, construction, and healthcare, but trade deficits are occurring in some notable products, such as face masks and separators for batteries. The future strategic relevance of textile products is likely to expand. (EUROPEAN COMMISSION Directorate-General for Internal Market, Industry, Entrepreneurship & Smes, 2021)

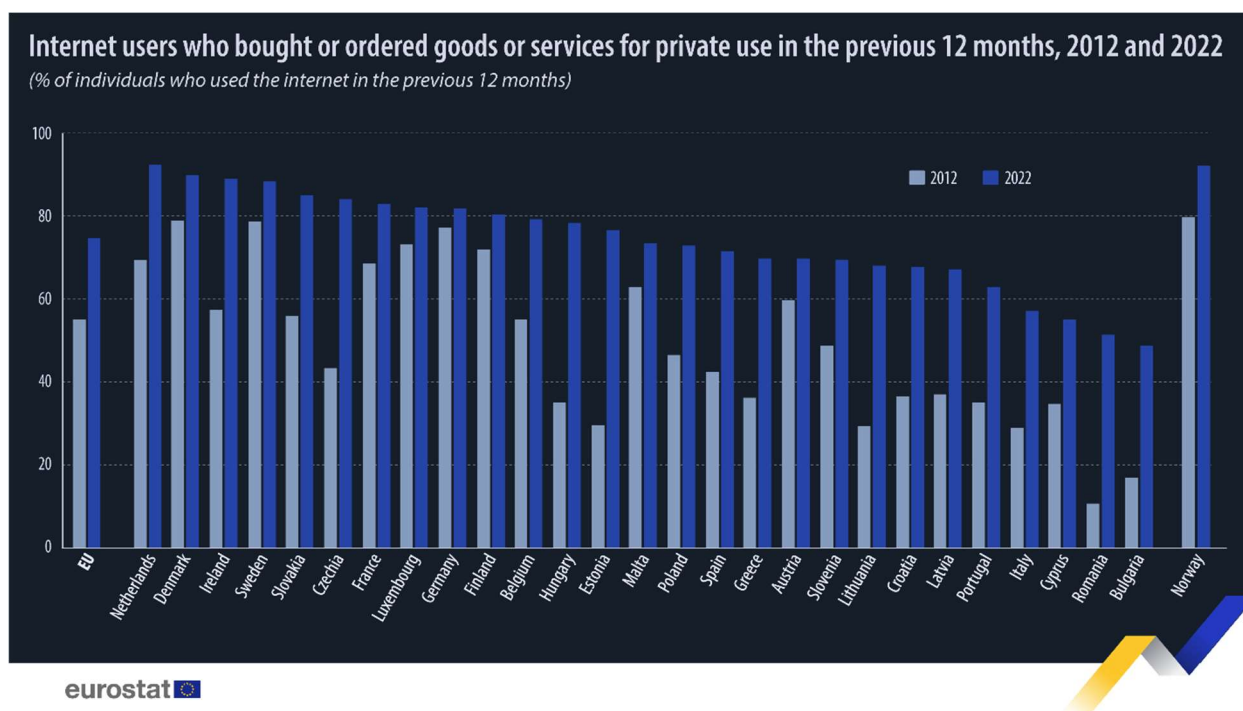
According to European Commission The EU textile ecosystem in 2018 accounted for 3.1% of manufacturing value added and 6.5% of manufacturing employment, generating a turnover of 205 billion EUR and a production value of 198 billion EUR. The value added of the ecosystem registered a 10% growth rate, with productivity growing rapidly due to more efficient production processes and offshoring. The ecosystem hosts 221,000 firms, and demand for EU textile and fashion products comes both from sales in the internal market and extra-EU exports. The manufacture of textile wearing apparel and accessories is the largest subsector of the textile ecosystem, while footwear is the second-largest manufacturing subsector, with productivity growth driven by offshoring and automation of production. The technical and industrial textiles market in the EU is growing, with positive trends in value added, employment, exports, investment, and productivity. In 2018, the

sector recorded a production value of 21.8 billion EUR and employed 151,000 workers in 14,700 companies. Extra-EU exports increased, but only account for 26% of turnover. Home textiles are also dynamic but more inward-oriented, with a deteriorating export performance. The leather-goods industry has performed well, with a production value of nearly 18 billion EUR in 2018 and the largest variation since 2015 among all subsectors. Italy, Germany, France, and Spain are the most prominent countries in the ecosystem, with the majority of EU companies headquartered there. The ecosystem has a strong territorial component, organized around clusters and industrial districts, and a large proportion of female workers, but is facing an aging trend and skill shortages. (EUROPEAN COMMISSION Directorate-General for Internal Market, Industry, Entrepreneurship & Smes 2021)

Lifestyle and behavior - Czech consumers are increasingly turning to online shopping, with e-commerce sales in the country growing by 11% in 2020, according to the Czech Statistical Office. This trend towards online shopping has been accelerated by the COVID-19 pandemic, as consumers look for ways to shop safely from home. As a result, fashion showrooms may need to develop strong online presences to reach customers and remain competitive.

According to the latest annual survey on the use of ICT in households and by individuals, online shopping is continuing to expand in the European Union (EU). In 2022, 91% of individuals aged 16 to 74 in the EU used the internet, with 75% of them purchasing or ordering goods and services for private use. The proportion of e-shoppers has increased from 55% in 2012 to 75% in 2022, marking a 20 percentage point (pp) growth. (Eurostat, 2023)

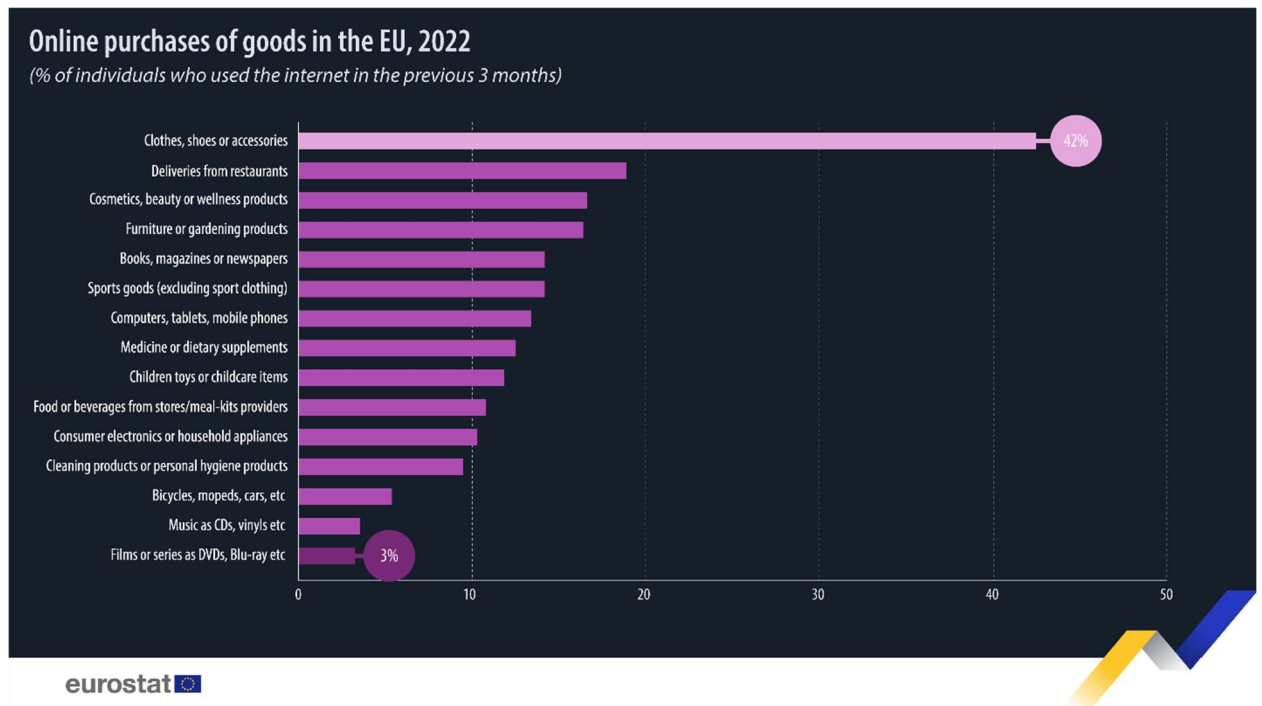
Figure 18. Internet users who bought or ordered goods or services for private use in the previous 12 months, 2012 and 2022.



Source: Eurostat, 2023

Between 2012 and 2022, Czechia saw a particularly significant growth in e-commerce, with a 41 pp increase. In 2022, the most common online purchases of goods were clothing (including sportswear), shoes or accessories, which were ordered by 42% of internet users. Following wearables, the top five most frequent online purchases of physical goods included deliveries from restaurants, fast-food chains, and catering services (19%), cosmetics, beauty, or wellness products (17%), furniture, home accessories or gardening products (16%), and printed books, magazines or newspapers and sports goods (excluding sportswear) (both 14%). (Eurostat, 2023)

Figure 19. Online purchase of goods in the EU, 2022.



Source: Eurostat, 2023

It is worth noting that over the past few decades, the textile and clothing industry has grown significantly and achieved immense success, but at a high cost to the environment. The industry's size, diverse processes, and complex global production networks result in significant environmental and social impacts. In 2015, the industry generated 79 billion cubic meters of water, 1715 million tons of CO2 emissions, and 92 million tons of waste worldwide. (Peters and Simaens, 2020). It is projected that these numbers will increase by at least 50% by 2030. Additionally, the industry is frequently criticized for poor working conditions, low wages, and the exploitation of workers, especially in countries where production is outsourced to save costs. The increased consumption of textile and clothing exacerbates these social and environmental problems (Bin et al, 2017). So, the sustainable practices and local designer approach can be used as Showroom's advantage on the market.

Table 5. Summary of PEST analysis

Political	Economic
Regulations Pandemic restrictions Taxes Customer protection	Energy crisis Economic crisis Inflation rate
Sociocultural	Technological
Increasing demand for sustainable fashion Aging population	Rise of e-commerce New ways of presenting products Rise of digital fashion

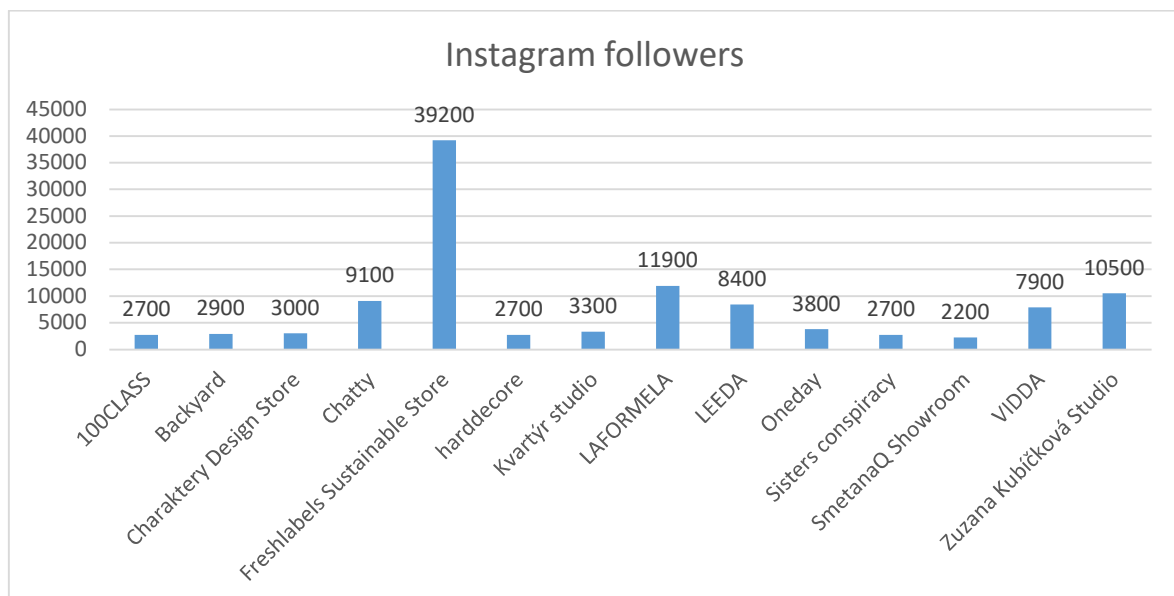
4.2.2 Porter’s 5 forces analysis

Rivalry among existing competitors refers to the intensity of competition among existing players in the market. The rivalry among existing competitors in the fashion industry in Prague is high. There are many different fashion showrooms and retail stores in the city, all competing for the attention and wallets of consumers.

Additionally, the rise of e-commerce and online shopping has increased competition even further, as consumers can now shop from a wider variety of retailers without leaving their homes.

The detailed competitors’ analysis table can be found in Appendix A and B.

Figure 20. Competitors’ Instagram followers



Source: Instagram, own calculations

Table 6. Competitors analysis

Direct competitors	Indirect competitors
Kvartýr studio	Zara
Oneday	CZECHDESIGN Shop
Freshlabels Sustainable Store	Zalando
Charaktery Design Store	ZOOT
SmetanaQ Showroom	About You
LEEDA	SSENSE
100CLASS	Farfetch
LAFORMELA	COS
Chatty	1981 Secondhand
Zuzana Kubičková Studio	THE VINTAGE PRAGUE
VIDDA	ALMO vintage
harddecore	Leepa.store
Sisters conspiracy	Etsy
Backyard	Not just a label

Source: own research

The threat of new entrants refers to the ease with which new businesses can enter the market and compete with existing players. The threat of new entrants in the fashion industry in Prague is moderate. While there is a relatively low barrier to entry, there are already established players in the market. Additionally, the high costs of renting a showroom space and the need to maintain a large inventory of products can be a barrier to entry for new businesses.

The bargaining power of suppliers refers to the power of suppliers to influence the prices and quality of inputs. The bargaining power of suppliers in the fashion industry can be high, particularly for high-end materials and designer brands. This is because there are often only a few suppliers for these products, which can give them greater bargaining power. However, for smaller, independent fashion designers and brands, the bargaining power of suppliers is likely to be lower.

The bargaining power of buyers refers to the power of customers to influence prices and quality. The bargaining power of buyers in the fashion industry in Prague is high. There are many different fashion showrooms and retail stores in the city, giving consumers a wide variety of options to choose from. Additionally, consumers are increasingly price-sensitive and may shop around for the best deals, putting pressure on retailers to keep their prices competitive.

The threat of substitutes refers to the availability of similar products or services from other industries that can meet the same customer needs. The threat of substitutes in the fashion industry in Prague is moderate. While there are many different types of clothing and accessories available, consumers may also choose to spend their money on other forms of entertainment or luxury goods, such as travel or electronics. Additionally, there is a growing trend towards sustainable and ethical fashion, which could lead consumers to choose second-hand clothing or clothing made from sustainable materials as substitutes for traditional fashion.

4.3 Internal analysis

4.3.1 Financial analysis

Current ratio measures the company's ability to pay short-term debts by dividing current assets by current liabilities.

A quick ratio is calculated by totaling cash and equivalents, accounts receivables, and marketable investments, and dividing the total by current liabilities.

Table 7. Liquidity ratios

	2020	2021	2022	2023
Current ratio	0,81	1,08	0,98	0,98
Quick ratio	0,7	1	0,95	0,94

Source: own calculation

A ratio of 1 or higher indicates that a company has enough current assets to cover its current liabilities, while a ratio below 1 indicates that the company may have difficulty paying its bills. Based on the calculated current ratio data for the past three years, it can be seen that:

In 2020, the current ratio was 0.81, which is below the ideal level of 1. This suggests that the showroom may have had difficulty meeting its short-term obligations using its current assets. The main reason for this was a decrease in sales due to COVID-19 pandemic restrictions which led to temporary closure and an increase in current liabilities, which reduced the amount of current assets available to cover these obligations.

In 2021, the current ratio increased significantly to 1.08, indicating that the showroom's ability to pay its short-term obligations using current assets improved. This could be due to several factors, such as an increase in sales due to lifted restrictions and reopening, accompanied by a successful HitHit campaign.

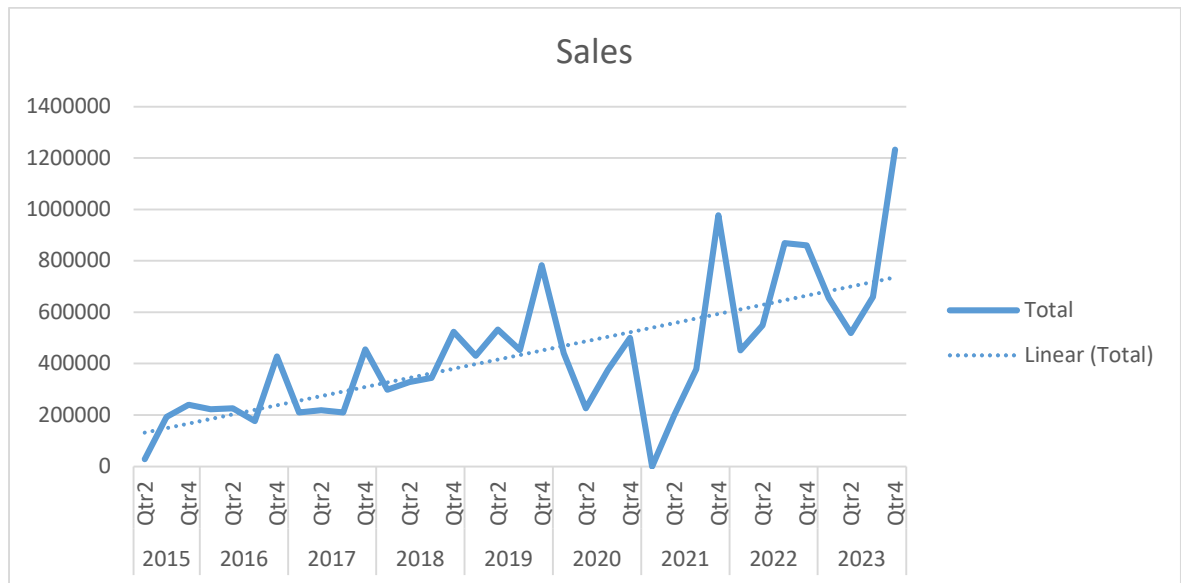
However, in 2022, the current ratio decreased slightly to 0.98, which is below the ideal level of 1. Possible reasons for this decrease could be an increase in current liabilities, such as increasing electricity and heating prices due to economic crisis and high inflation rate. This situation continues in 2023.

The fluctuation in the current and quick ratios over the past three years indicates that showroom may be experiencing some financial instability, with potential issues in managing its short-term liquidity. Further analysis of the company's financial statements and operations would be necessary to determine the underlying reasons for these fluctuations and to identify possible strategies for improving the company's financial health.

4.3.2 Sales

In this chapter the sales of the showroom are analyzed.

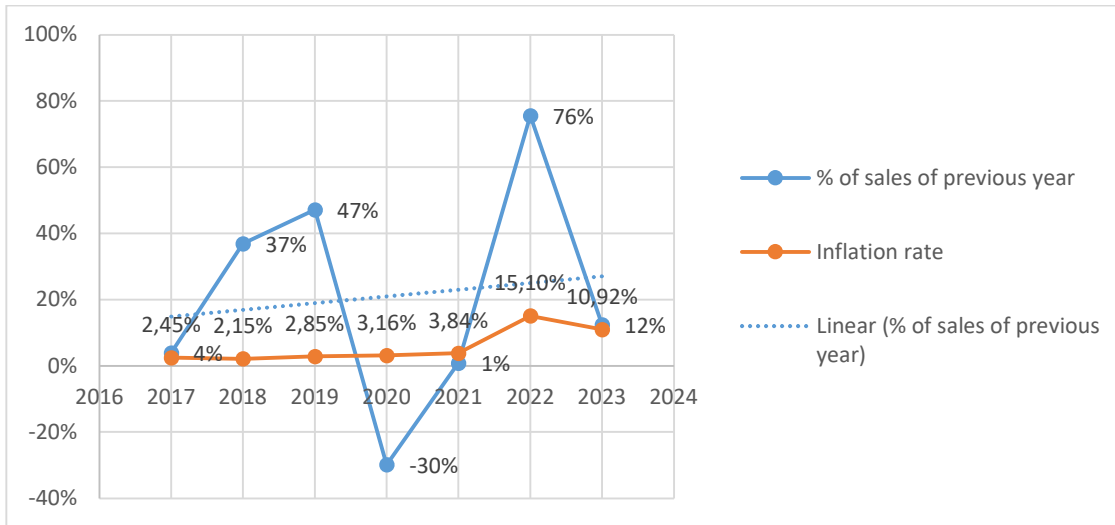
Figure 21. Dynamic of sales of resident designers



Source: own calculation

This graph illustrates the sales trend from 2015 to 2023. Overall, there is an increasing trend in sales from 2015 to 2023, as shown by the upward trajectory of the total sales line. There are fluctuations in sales throughout the years, indicating periods of both growth and decline, but the overall trend is upward. The linear trend line provides a visual representation of the overall increasing trend in sales, suggesting a steady growth rate over the years. Sales experienced a significant spike around 2023, indicating a substantial increase in sales volume compared to previous years.

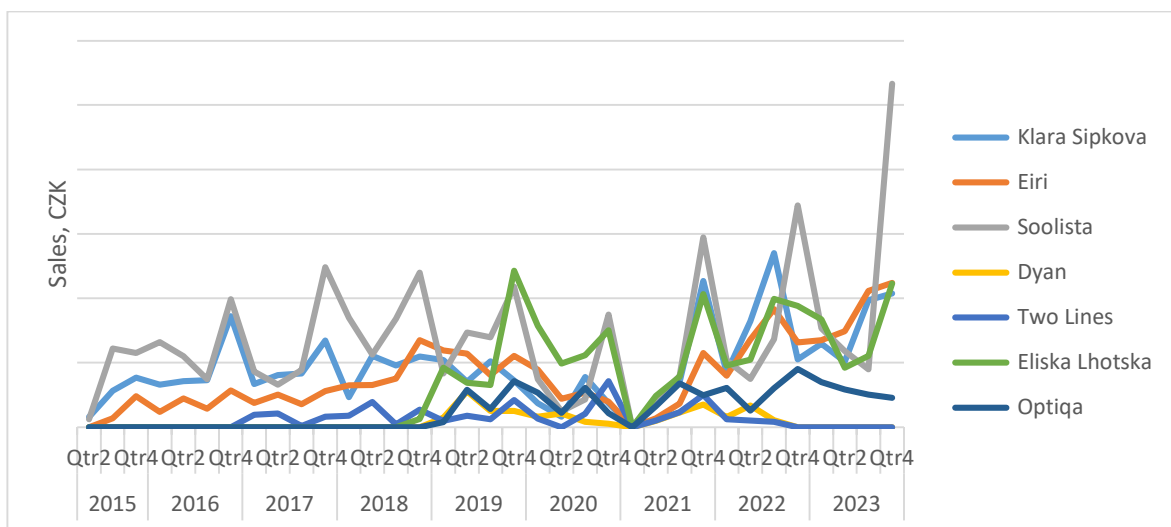
Figure 22. % of total sales previous year



Source: own calculation

This graph represents the percentage of sales compared to the previous year from 2016 to 2023. In 2017, there was an increase of 4% in sales compared to the previous year. In 2018, sales increased further by 37% compared to 2017. After that there was a significant increase in sales in 2019, with a rise of 47% compared to the previous year. However, in 2020, there was a decrease of 30% in sales. Sales then slightly rebounded in 2021 with 1% increase. In 2022, there was a significant increase of 76% in sales compared to the previous year. Finally, in 2023, there was 12% more in sales compared to 2022. It shows fluctuating trends in sales performance over the years. However, despite significant variations in percentage changes from one year to the next the trend line is upward and the average percent (20%) is higher than inflation which is a positive dynamic.

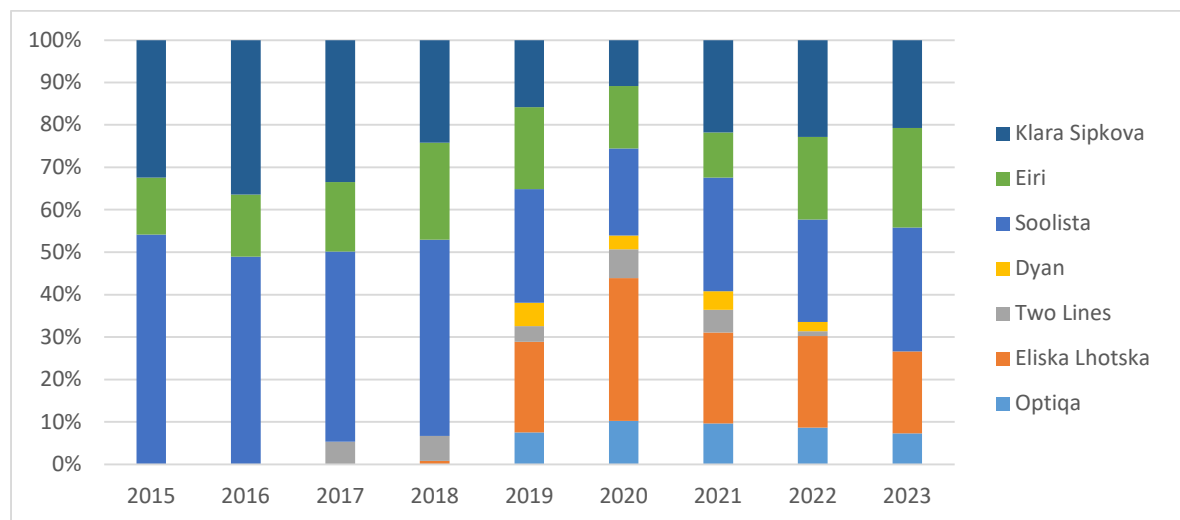
Figure 23. Dynamic of sales by designer, 2015-2023



Source: own calculation

There's a general increasing trend in sales over the years, especially evident from 2019 onwards. However, there are fluctuations throughout the period. The lack of any revenue in the first half of 2021 illustrated the impact of the lockdown pandemic restrictions. The Soolista brand has significant spikes in sales during the Q4 every year which can be explained by participation in the Designblok festival, an annual major fashion event in Prague. Eiri demonstrates fluctuating sales, with an upward trend in recent years. Almost every designer is demonstrating growth in sales after COVID-19 restrictions, with the exception of Eliska Lhotska.

Figure 24. Designers' share of the total sales, %, 2015-2023



Source: own calculation

The data shows the share of total sales for designers from 2015 to 2023. Each designer sales share is depicted by the height of the bars. Klara Sipkova maintained a relatively high sales share throughout the 2015-2018 period, with a decreasing trend in sales share from 2015 to 2020, followed by a slight recovery in 2021 and then stabilization at moderate level. Eiri experienced fluctuations but generally maintained a moderate sales share (10-20%). Soolista saw a decreasing trend in sales share from 2015 to around 2019, followed by a slight recovery and then stabilization. Dyan showed fluctuations but generally maintained a low sales share. Two Lines experienced fluctuations with a decreasing trend from around 2017 to 2020, followed by some recovery in 2020. Eliška Lhotská maintained a moderate sales share with fluctuations throughout the period. Optiqa showed a lower stable level of share since its introduction in 2019. Overall, Eiri appears to be the most consistent performer with a relatively high sales share, while some designers like Klara Šípková and Soolista experienced declining trends before stabilizing.

4.3.3 Marketing mix

4.3.3.1 Product

The showroom provides a platform for local designers to showcase their unique and high-quality products, including clothing, jewelry, and fashion accessories. The showroom's product range appeals to a wide range of customers with different tastes and preferences. By showcasing products from various designers, the showroom creates a sense of exclusivity, providing customers with access to items that may not be available elsewhere.

Resident designers are: **Soolista, Dyan (since 2019), Optiqa (since 2019), Eliška Lhotská (since 2019), Eiri, Klára Šípková, Two Lines (since 2017 until 2022).**

Figure 25. Brands by product type

Brand	Product
Soolista	Clothing
Dyan	Footwear
Optiqa	Eyewear
Eliška Lhotská	Jewelry
Eiri	Clothing
Klára Šípková	Jewelry
Two Lines	Accessories

Source: (SHOWROOM. Website, 2023)

The business model of a showroom is unique in the sense that it differs from traditional retail models. In this model, the showroom does not buy products from designers upfront and then sells them to customers at a markup. Instead, the showroom simply provides a space for designers to display and sell their products directly to customers. Under this model, designers pay the showroom a fixed rent to use the space, but the showroom does not take a commission on any sales made by the designer. This means that designers keep all of the profits from their sales and are able to set their own prices for their products. In essence, the showroom acts as a platform or marketplace for designers to showcase their products and reach a wider audience.

This model has several advantages for both the designers and the showroom. For designers, it provides an affordable and low-risk way to showcase their products to potential customers without the need for significant upfront investment in inventory or marketing. It also allows them to retain control over their pricing and branding, as they are not subject to markup or commission fees from the showroom. For the showroom, this model allows them to offer a wider variety of products to customers without the need for significant upfront investment in inventory. It also enables them to attract a diverse range of designers and products, which can help to differentiate the showroom and increase foot traffic.

The showroom hosts a guest designer or brand every three months to showcase their latest collection. By regularly introducing new designers and collections, the showroom keeps its offerings fresh and interesting for its customers. This can help to generate repeat business, as customers are likely to return to see what's new.

Introducing a guest designer or brand also adds an element of exclusivity to the showroom. Additionally, it can create opportunities for cross-promotion and collaborations with the guest designer or brand, which can benefit both parties. The list of all guest designers with respective dates of their participation provided in the table below.

Figure 26. Guest designers

Name	Dates
Plove (Pavĺina Miklasov)	11. 6. 2015 - 10. 9. 2015
Marie Mukařovsk	1. 10. 2015 - 9. 12. 2015
Cockerel (Lenka Kohoutov)	8. 12. 2015 - 7. 3. 2016
Sharka Bosakova	8. 3. 2016 - 6. 9. 2016
ZEW	14. 6. 2016 - 1. 3. 2017
Dana Bezděkov	6. 12. 2016 - 6. 3. 2017
Mi Fashion Label	7. 3. 2017 - 19. 6. 2017
Playbag	20. 6. 2017 - 4. 9. 2017
Tilak by Boa design	5. 9. 2017 - 4. 12. 2017
La Modista, EZ/Lab sneakers	5. 12. 2017 - 26. 3. 2018
Krakora (Lucie Krlov)	27. 3. 2018 - 9. 9. 2018
Klra Bl	10. 9. 2018 - 10. 12. 2018
VS (Vendula řulanov)	11. 3. 2019 - 17. 6. 2019
Gravelli Jewellery	18. 6. 2019 - 16. 9. 2019
Lenka Srřnov	17. 9. 2019 - 16. 11. 2019
MIK (Jana Mikeřov)	17. 9. 2019 - 1. 3. 2020
Yage Organics	17. 9. 2020 - 17. 2. 2021
Paralel	14. 9. 2021 - 13. 12. 2021
Linda Havrlkov	15. 12. 2021 - 14. 3. 2022
WODD	7. 4. 2022 - 7. 6. 2022
Naniche	7. 6. 2022 - 7. 9. 2022
Objet petit a	6. 12. 2022 - 5. 3. 2023
Giulia A'more	20. 5. 2023 - 20. 8. 2023
ORACULUM	20. 5. 2023 - 20. 5. 2024
Eva Růřckov	7. 12. 2023 - 6. 3. 2024

Source: (SHOWROOM. Website, 2023)

4.3.3.2 Price

The showroom's pricing strategy is based on fixed rent, with no commissions taken from sales. This pricing model allows designers to set their own prices and margins, which can be appealing to customers looking for unique and high-quality products at reasonable prices. Additionally, the pricing model encourages designers to create products that are both appealing to customers and profitable, leading to a higher quality of products overall.

Price-wise garments in the showroom are in the middle between fast fashion and luxury brands. Price range can be found in the table below.

Figure 27. Prices

Product	Prices, CZK
T-shirt (Eiri, Soolista)	1000-3000
Shirt (Eiri, Soolista)	3000-8000
Pants (Eiri, Soolista)	3000-7000
Dress (Eiri, Soolista)	3000-10000
Coat (Eiri, Soolista)	13000-22000
Sneakers (Dyan)	3500-5500
Glasses (Optiqa)	3000-10000
Ring (Eliška Lhotská, Klára Šípková)	1000-20000
Necklace (Eliška Lhotská, Klára Šípková)	2000-20000

Source: (SHOWROOM. Website, 2023), own calculations

4.3.3.3 Place

The showroom is located in Prague's city center, making it easily accessible to both locals and tourists. Its central location also places it near other retail stores and malls such as Palladium and tourist attractions, increasing the chances of attracting customers who are already in the area. The showroom's physical location also provides an opportunity for customers to interact with the products and designers directly, creating a more immersive and personalized experience.

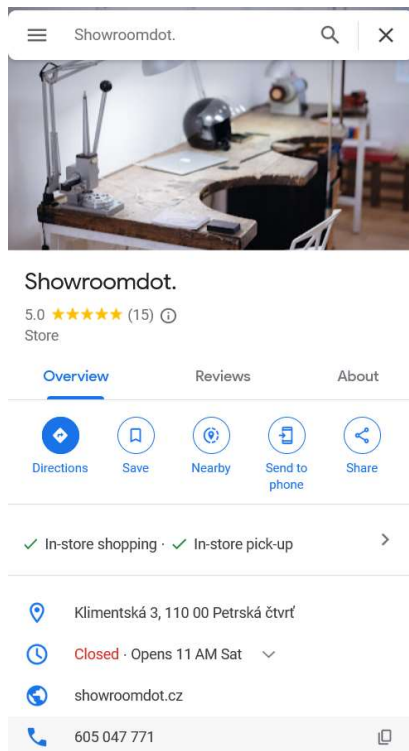
4.3.3.4 Promotion

The showroom uses a variety of promotional tactics to attract customers and generate sales.

One of the promotional channels is the showroom's website – <https://showroomdot.cz>, which features information on the showroom and its designers. It is worth noting that showroom's website doesn't include a dedicated e-shop, only providing links to online shops of designers. The website is regularly updated with information on upcoming events, sales, and new collections. The designers featured in the showroom often have their own e-commerce websites, which are linked to from the showroom's website. This allows customers to purchase items directly from the designers' websites, while still being able to discover new designers and collections through the showroom.

Email marketing using MailChimp service is another key promotional tool for the showroom, with regular newsletters sent to subscribers to keep them up to date on new arrivals, events, and sales. The showroom also utilizes social media channels such as Instagram and Facebook to promote its designers and products, and to showcase photos and videos from events and photo shoots. It is also present on Google Maps containing all the necessary information, with a 5.0 rating.

Figure 28. Showroom. Description in Google Maps



Source: Google Maps

Regular sales campaigns, such as sample sales and seasonal sales, are also used to promote the showroom and its designers. These sales events are typically announced through email marketing and social media channels and offer customers discounts on select items.

In addition to sales events, the showroom hosts regular events to showcase new brands and collections, such as launch parties or St. Valentine's Day. These events are often promoted through email marketing and social media channels and provide opportunities for customers to meet designers and learn more about them and their collections.

One of the most successful promotional events was a 2021 HitHit marketing campaign which aimed to motivate customers to return to the showroom after a long COVID-19 lockdown period. To achieve this goal, showroom has opened an improvised e-shop on crowdfunding platform Hithit.com for 30 days, where customers could purchase unique, limited collections and participate in workshops. It was a huge success, 95 people made a purchase, the campaign earned 262793 CZK, 131% of desired financial goal (200000 CZK).

The showroom also participates in external events, such as Designblok, a design festival held annually in Prague. By participating in these events, the showroom can reach a wider audience and promote its designers and products to a broader customer base.

4.4 Marketing research

The primary objective of the marketing research conducted in this study was to gather the opinions of the respondents regarding the Showroom and other relevant shopping aspects. Specifically, the research focused on social media monitoring, online analytics and interviews with customers and industry experts. The results of the research were used to generate marketing strategy proposals, which are presented in detail in this thesis. This study aims to provide valuable insights into the marketing approach that would be most effective in meeting the needs and expectations of Showroom's target customers.

4.4.1 Personas

Personas are tool in shaping a comprehensive marketing strategy by offering a vivid representation of the diverse segments within a target audience. These fictional characters encapsulate the traits, behaviors, and preferences of real customers. They serve as a foundational tool, guiding marketers in understanding their audience's motivations, aspirations, and challenges. By leveraging personas, the messaging, product development, and communication strategies can resonate more deeply with specific segments. This approach enhances the effectiveness of marketing efforts. Based on the interviews conducted with employees and customers, a survey and analysis of the social media followers, customer personas were constructed.

4.4.1.1 Persona 1

Figure 29. Persona 1

Name	Eva
Age	31
Occupation	Architect
Income	High
Marital Status	Married
Family Situation	Has two young children
Location	Prague, Czech Republic

Eva is a successful architect who values quality, sustainability, and ethical fashion. She takes pride in her career and family life and enjoys spending time with her family and going on vacations to explore new places. Eva is a fashion-savvy individual who likes to dress stylishly and stay up to date with the latest fashion trends. She is conscious about her appearance and likes to look good both at work and in her personal life.

Figure 30. Persona 1 Characteristics

Psychographic	
Personal Characteristics	Responsible, detail-oriented, and organized person who likes to plan. She is also creative and enjoys decorating her home and dressing up in stylish clothing.
Hobbies and Interests	Practicing yoga, reading books, attending art exhibitions, spending time with family, exploring new places
Personal Aspirations	Maintain a healthy work-life balance, be a good role model for children, make a positive impact on the environment
Professional Goals	Grow in her career and become a partner at her architectural firm
Pains and Main Challenges	Balancing work and family life, finding time to shop for clothing, making sustainable choices
Needs	Clothing that is comfortable, stylish, and suitable for her professional and personal life
Dreams	Traveling the world with family, making a positive impact on the environment
Shopping behavior	
Budget	Willing to invest in high-quality and sustainable clothing
Shopping Frequency	As-needed basis
Preferred Channels	In-store, online browsing
Online Behaviour	Researching clothing before purchase, reading customer reviews
Search Terms	Sustainable and ethical clothing brands, professional and personal clothing
Preferred Brands	Patagonia, Stella McCartney, Eileen Fisher
Triggers	Stylish, comfortable, and sustainable clothing, good customer service, personalized recommendations
Barriers	Hesitant to purchasing clothing that is not sustainable or ethical, finding suitable clothing for professional and personal life

4.4.1.2 Persona 2

Figure 31. Persona 2

Name	Petra
Age	28
Occupation	Marketing Manager at a tech company
Education	Bachelor's degree in marketing
Income	High
Marital Status	Single
Family Situation	No children, lives alone in a rented apartment
Location	Prague 2, Vinohrady

Petra is a young professional who is passionate about her career in marketing. She is confident, ambitious, and has a great sense of style. She enjoys experimenting with new fashion trends and loves to support local designers and brands. She is always on the lookout for unique pieces that she can incorporate into her wardrobe.

Petra's style is a mix of classic and trendy. She loves to pair statement pieces with more basic items to create a chic, polished look. She values high-quality materials and craftsmanship and is willing to pay a premium for items that are well-made and will last.

When it comes to shopping, Petra prefers to visit physical stores rather than shop online. She enjoys the experience of browsing and trying on clothes in person. She also enjoys interacting with sales associates who can offer styling advice and recommendations.

Figure 32. Persona 2 Characteristics

Psychographic	
Personal Characteristics	Confident, ambitious, fashionable, outgoing, independent
Hobbies and Interests	Traveling, trying new restaurants, attending cultural events, reading fashion magazines
Personal Aspirations	To continue advancing in her career, to maintain a healthy work-life balance, to stay up to date on the latest fashion trends
Professional Goals	To become a senior marketing manager, to attend industry conferences and events, to network with other professionals in her field
Pains and Main Challenges	Balancing work and personal life, finding time to exercise and stay healthy, dealing with the stress of a demanding job
Needs	High-quality, well-made clothing that fits well and complements her personal style
Dreams	To one day start her own marketing consulting firm, to travel the world and attend fashion shows in Paris, Milan, and New York
Shopping behavior	
Budget	CZK 5,000 - 10,000 per month
Shopping Frequency	Once or twice per month
Preferred Channels	Physical stores
Online Behaviour	Follows local fashion bloggers and influencers on Instagram for inspiration, occasionally browses local fashion websites
Search Terms	"local fashion brands", "sustainable fashion", "unique clothing"
Preferred Brands	Cihelna Concept Store, La Formela, Soolista
Triggers	Unique and one-of-a-kind pieces, high-quality materials and craftsmanship, personalized styling advice
Barriers	Limited selection of local brands, limited sizes available, high prices for some items.

4.4.1.3 Persona 3

Figure 33. Persona 3

Name	Sofia
Age	35
Occupation	Manager
Education	Master's degree in business administration
Income	EUR 4,500 per month
Marital Status	Married
Family Situation	Has a husband and two children, lives in Barcelona, Spain
Location	Visiting Prague for a week-long vacation

Sofia is a busy working mom who values quality time with her family. She is interested in fashion and likes to invest in high-quality pieces that are versatile and can be worn for multiple occasions. She is drawn to local brands that offer unique and trendy designs that she can't find back home. Sofia's personal style is elegant and classic. She likes to accessorize with statement jewelry and scarves to add a pop of color to her outfits. She is interested in sustainable and ethical fashion and tries to make conscious choices when shopping. As a tourist in Prague, Sofia is excited to explore the local fashion scene and is interested in visiting local boutiques and showrooms that showcase local brands.

Figure 34. Persona 3 Characteristics

Psychographic	
Personal Characteristics	Organized, detail-oriented, family-oriented, fashion-conscious, responsible
Hobbies and Interests	Traveling, trying new foods, spending time with family, attending cultural events, following fashion influencers on social media
Personal Aspirations	To learn a new language, to start her own business, to travel to every country in Europe
Professional Goals	To continue growing her career in marketing, to network with other professionals in the industry, to develop new skills and knowledge
Pains and Main Challenges	Balancing work and family responsibilities, managing stress, finding time for self-care
Needs	High-quality and versatile pieces, sustainable and ethical fashion options, personalized styling advice
Dreams	To start her own business and make a positive impact on society, to travel the world with her family, to become fluent in English and French

Shopping behavior	
Budget	EUR 1,000 for the trip, EUR 200-300 for shopping
Shopping Frequency	Once or twice during her trip
Preferred Channels	Physical stores, online stores
Online Behaviour	Follows fashion bloggers and influencers on Instagram and Pinterest for inspiration, browses local fashion websites and online marketplaces
Search Terms	"local fashion in Prague", "sustainable fashion", "ethical clothing"
Preferred Brands	COS, Acne Studios
Triggers	High-quality and versatile pieces, sustainable and ethical fashion options, personalized styling advice
Barriers	Limited time to shop, language barriers, difficulty finding items in her size.

4.4.1.4 Persona 4

Figure 35. Persona 4

Name	Tomas
Age	35
Occupation	Lawyer
Education	Master's degree in Law
Income	CZK 80,000 per month
Marital Status	Married
Family Situation	Lives with his wife and two children in Prague
Location	Lives in Prague, Czech Republic

Tomas is a busy lawyer who values quality time with his family. He wants to surprise his wife with a thoughtful gift for their upcoming anniversary. His wife is interested in sustainable and ethical fashion, so Tomas wants to explore local fashion brands to find a gift that aligns with her values.

He is looking for a unique and high-quality piece that will make his wife feel special and appreciated. He is willing to invest in a higher-priced item if it meets his criteria.

Figure 36. Persona 4 characteristics

Psychographic	
Personal Characteristics	Thoughtful, detail-oriented, practical, responsible, family-oriented
Hobbies and Interests	Watching sports, reading, spending time with family, traveling
Personal Aspirations	To provide for his family, to maintain a healthy work-life balance, to give back to his community
Professional Goals	To continue advancing in his career, to provide quality service to his clients, to maintain a good reputation in the legal industry
Pains and Main Challenges	Balancing work and family life, finding time for hobbies and interests, managing stress
Needs	High-quality and unique pieces, guidance on sustainable and ethical fashion options, personalized styling advice
Dreams	To travel more with his family, to give back to his community through pro bono work, to have a successful and fulfilling career
Shopping behavior	
Budget	CZK 5,000 - 10,000
Shopping Frequency	Once or twice a year for special occasions
Preferred Channels	Physical stores
Online Behaviour	Does not follow fashion influencers, searches for local fashion stores and showrooms on Google
Search Terms	"local fashion brands in Prague", "sustainable fashion", "unique gifts"
Preferred Brands	Not familiar with local brands
Triggers	Unique and high-quality pieces, sustainable and ethical options
Barriers	Limited knowledge about sustainable and ethical fashion, limited time to shop

4.5 Social media analytics

Social media has transformed the way people communicate, and it has also changed the way businesses operate, including fashion brands. Social media platforms provide everyone with an opportunity to connect with their target audience in real-time and to gather valuable data on their customers' preferences and behavior. Analysis of social media has become an essential tool to stay relevant and competitive in the fast-changing world of fashion marketing.

According to (Chetioui, Benlafqih, Lebdaoui, 2020), social media has created a new paradigm in which consumers play an active role in shaping fashion trends. Consumers can now share their opinions, feedback, and ideas about fashion with a global audience. Fashion brands can leverage this social media-driven consumer engagement to build brand awareness, drive sales, and shape their marketing strategy.

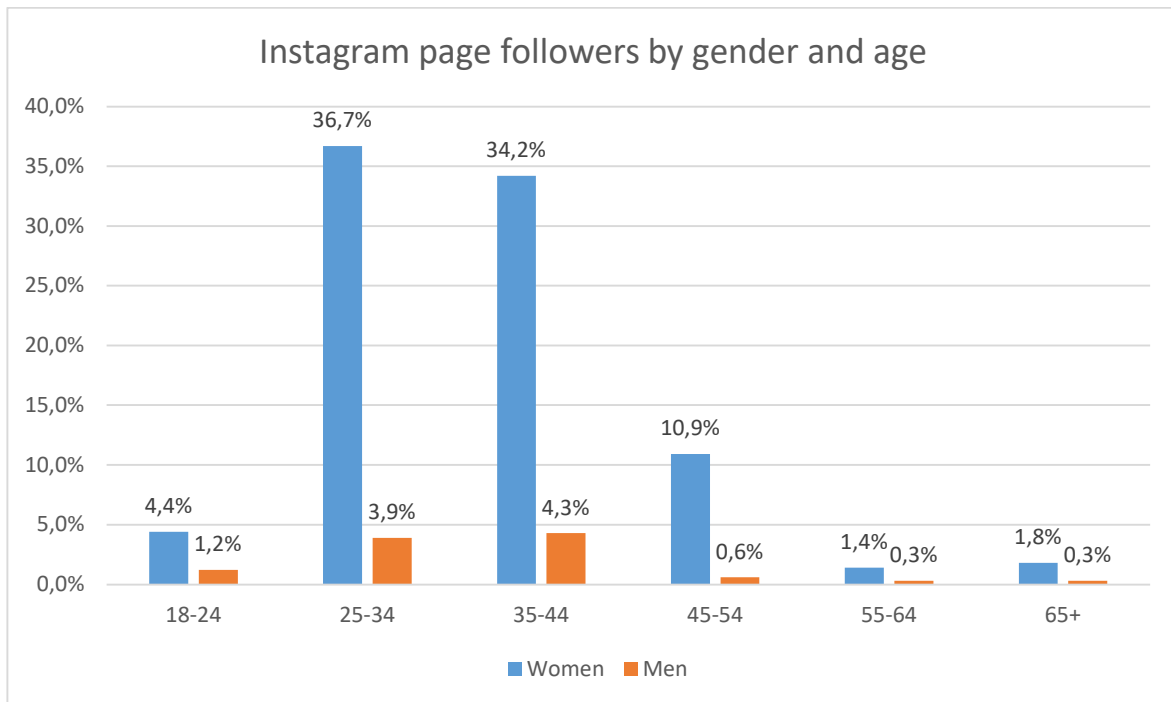
Analysis of social media is particularly important for Showroom. because fashion is an industry that is heavily influenced by social and cultural trends. Fashion trends are not created in a vacuum; they emerge from social, cultural, and economic factors. Social media provides a wealth of data that can help to identify emerging trends and understand how these trends are spreading across different segments of their target audience. This understanding can inform a brand's product development, marketing strategy, and overall brand positioning.

Facebook page <https://www.facebook.com/ShowroomDot/> has 3452 followers.

Instagram account <https://www.instagram.com/showroomdot/> has 2105 followers and 835 publications.

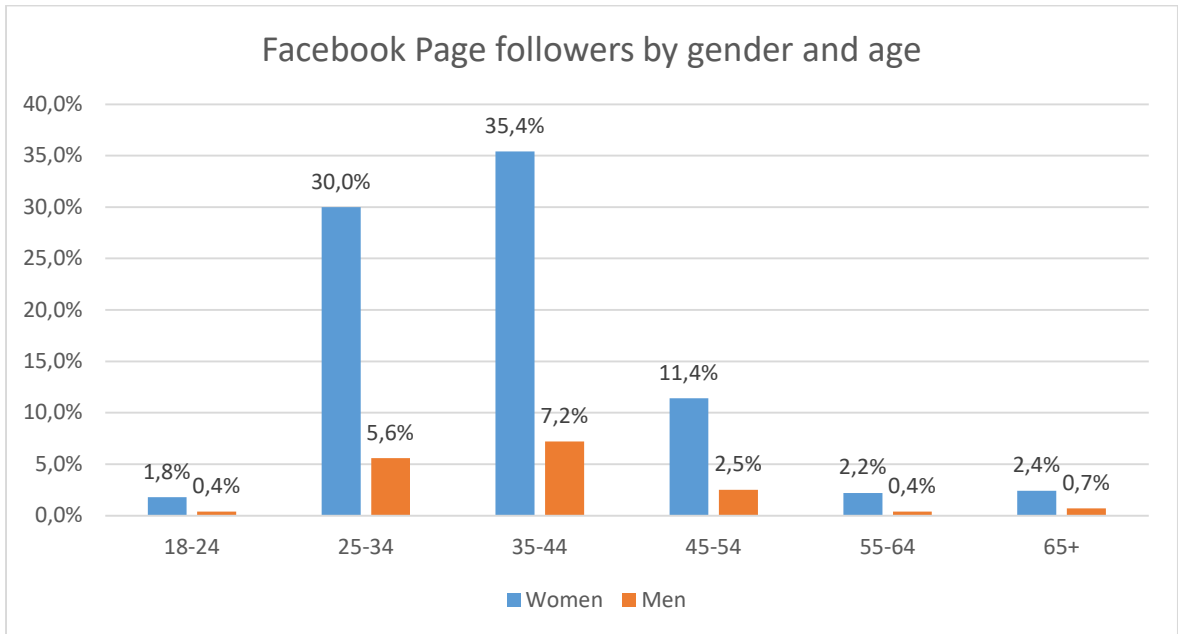
In terms of gender and age, the data shows that Facebook has a higher percentage of women followers in all age groups, with the highest percentage in the 35-44 age group (35.4%). In contrast, Instagram has a more even distribution of followers between men and women, with women having a higher percentage in all age groups, especially in the 25-34 age group (36.7%). It is noteworthy that Facebook has a lower percentage of male followers in all age groups compared to Instagram.

Figure 37. Instagram page followers by gender and age



Source: Meta insights, own calculation

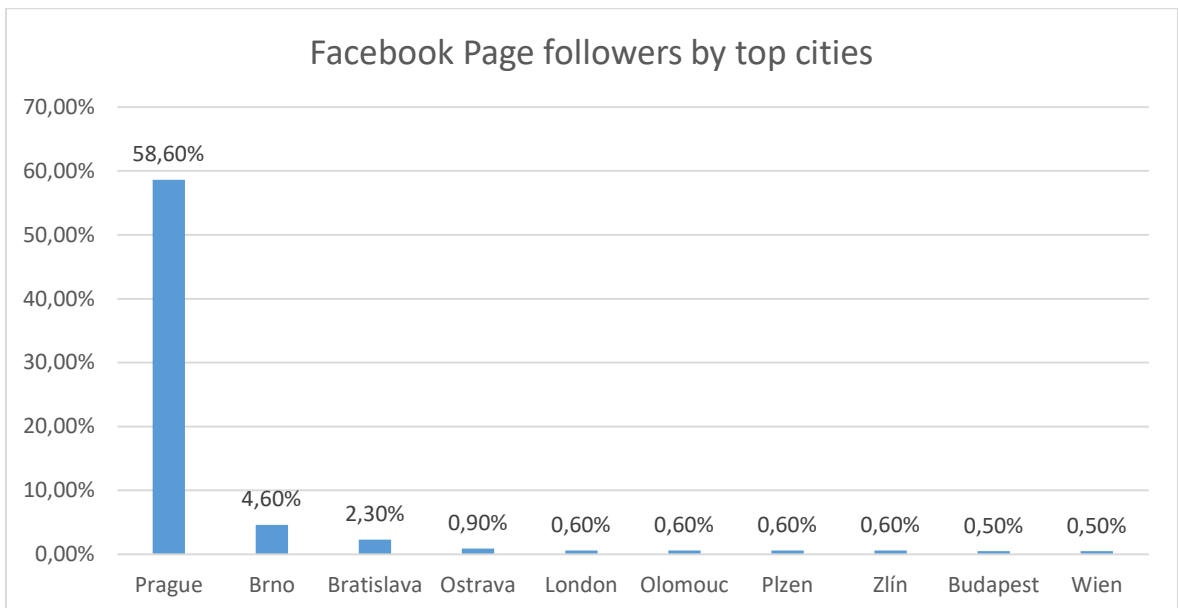
Figure 38. Facebook page followers by gender and age



Source: Meta insights, own calculation

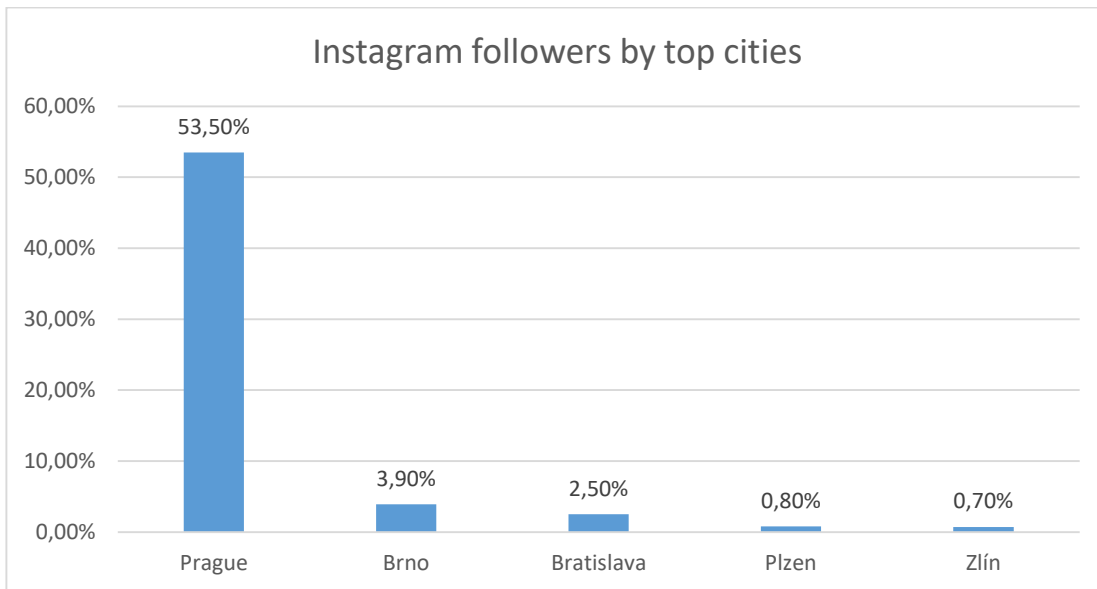
Regarding the top cities, both platforms have Prague as the top city with the highest percentage of followers, followed by Brno and Bratislava. In terms of the distribution of followers by country, Instagram has a higher percentage of followers from the Czech Republic than Facebook, while Facebook has a higher percentage of followers from outside of the Czech Republic, such as London.

Figure 39. Facebook page followers by top cities



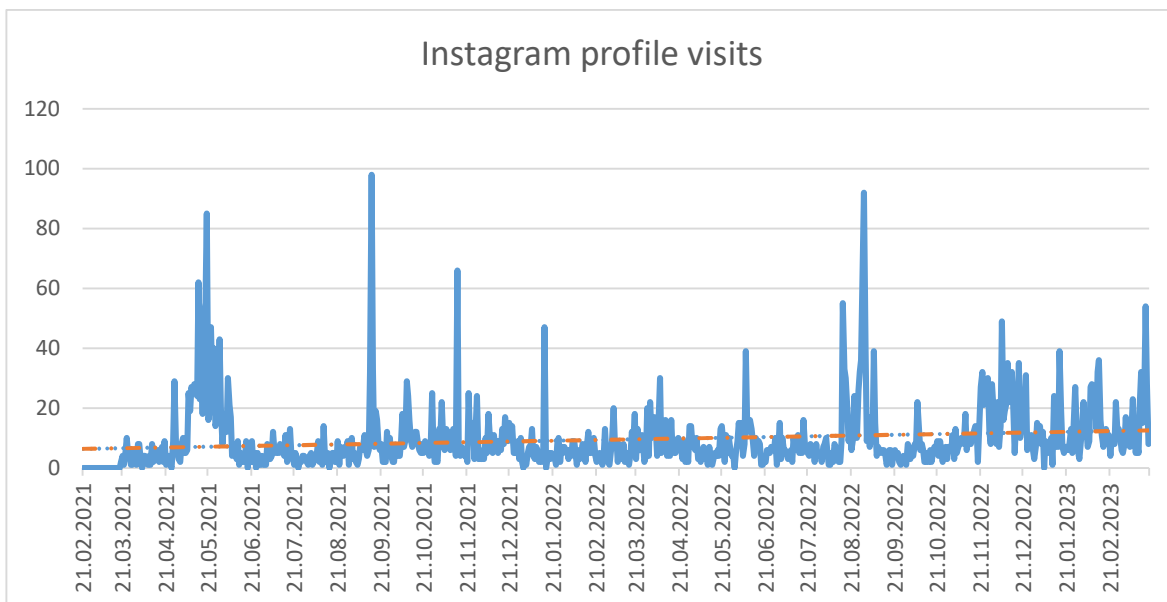
Source: Meta insights, own calculation

Figure 40. Instagram followers by top cities



Source: Meta insights, own calculation

Figure 41. Instagram profile visits (2021-2023)



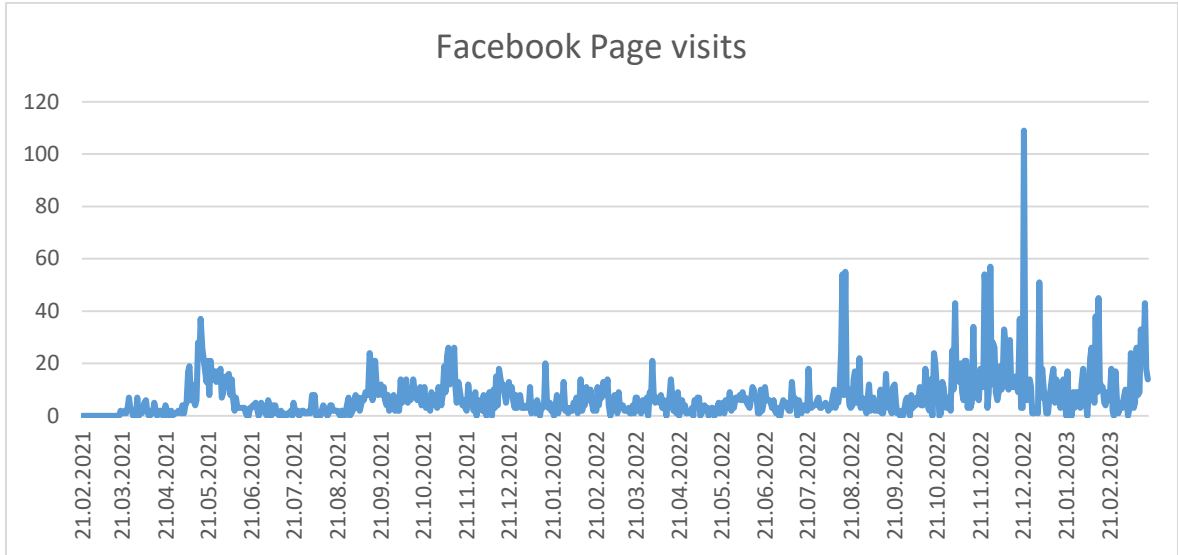
Source: Meta insights, own calculation

There is significant variability in the number of profile visits throughout the timeline, with numerous peaks and dips. Periods of high activity, indicated by tall spikes, alternate with periods of relatively lower activity.

Overall, the data suggests fluctuating levels of engagement with the Instagram and Facebook profiles over time, with certain periods experiencing notably higher rates than others. It's worth noting that understanding the context behind these spikes could provide

insights into the factors driving user engagement on the profiles. For example, the rise in May 2021 can be attributed to cancelling of the COVID-19 restrictions.

Figure 42. Facebook page visits (2021-2023)

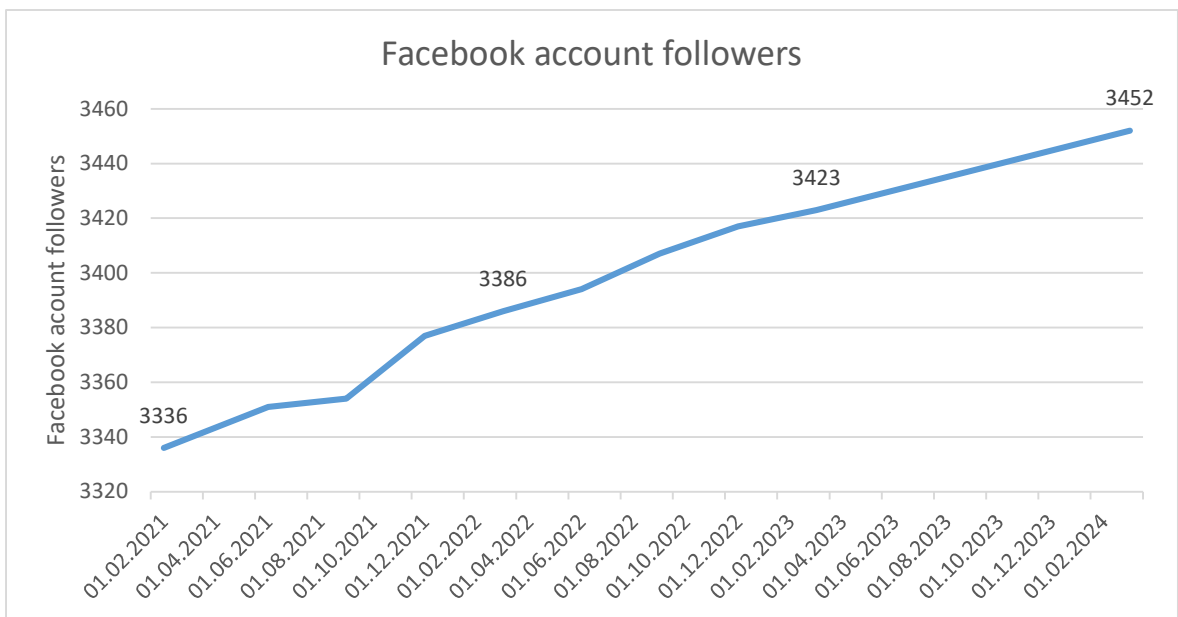


Source: Meta insights, own calculation

Audience Growth

Tracking the number of new followers on Instagram and Facebook over time provides insights into the effectiveness of Showroom's social media marketing efforts. The number of followers is steadily increasing, it indicates that the brand is successfully engaging with its target audience and attracting new customers.

Figure 43. Facebook followers (2021-2024)



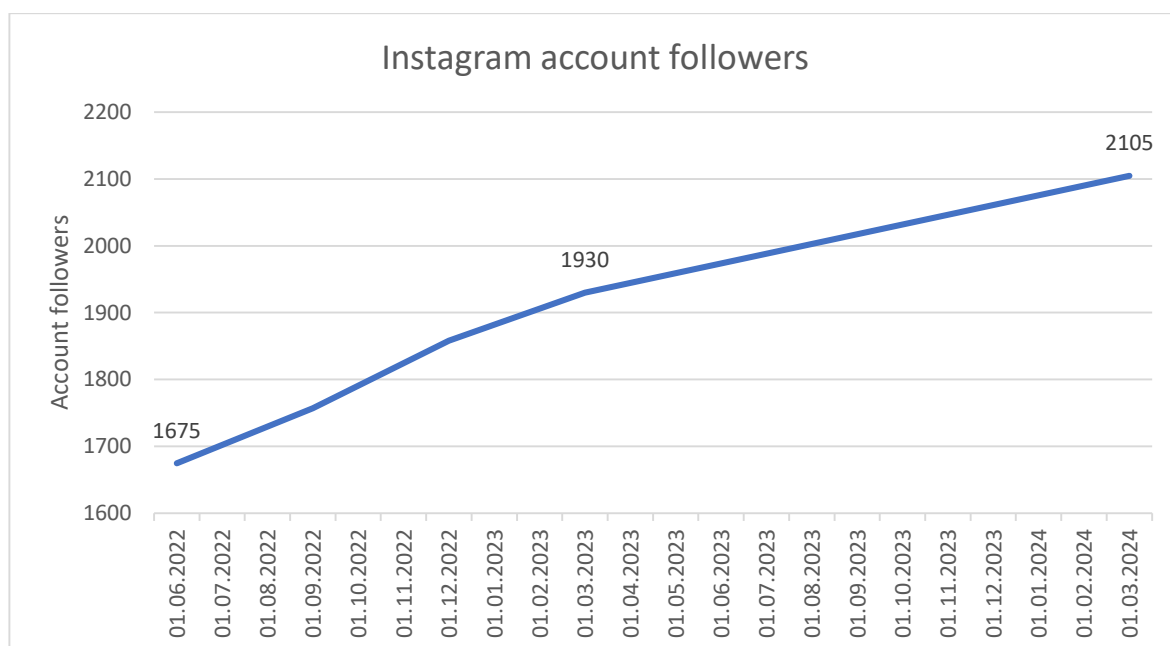
Source: Meta insights, own calculation

The data points show a consistent increase in followers over the course of the year, with occasional fluctuations. Starting from around 3320 followers in February 2021, the follower count steadily rises, reaching 3452 followers by March 2024.

Overall, despite the relatively small increase in actual numbers, the trend suggests a positive growth trajectory in the number of Facebook followers over the specified time period.

The number of followers on Showroom’s Instagram account increased from 1675 to 1930 people in the last year and 9 months. The average daily increase is 1,73. These numbers are stable.

Figure 44. Instagram account followers (2022-2024)



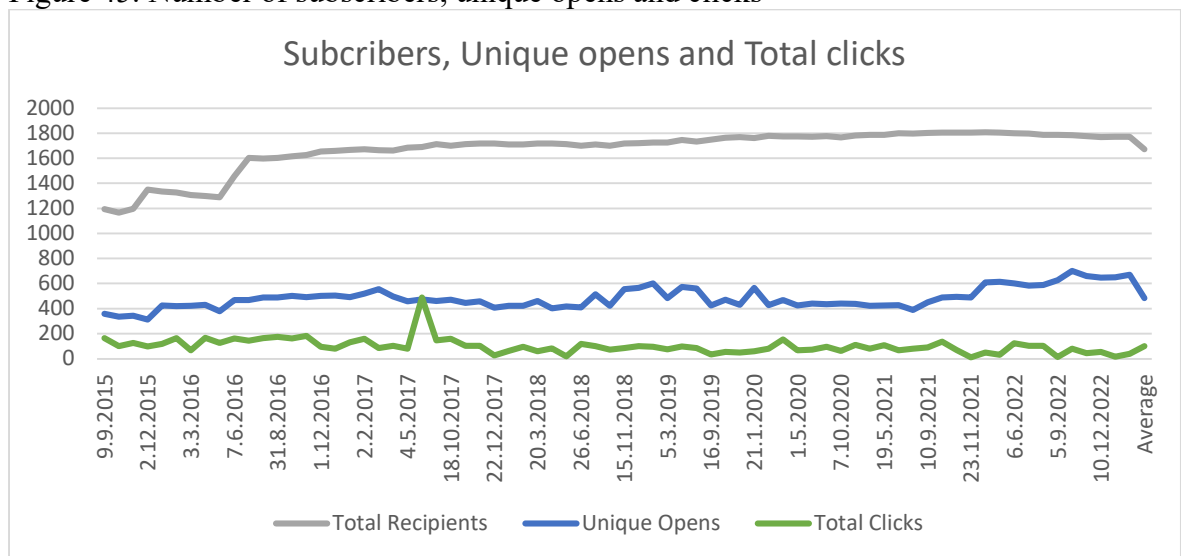
Source: Meta insights, own calculation

Email marketing

Email marketing is a highly effective digital marketing strategy that allows businesses to communicate with their target audience through email messages. According to (Kosteljik, Alsem, 2020) email marketing is an important component of fashion brands' marketing mix, as it can drive customer engagement, increase brand awareness, and generate sales. With email marketing, Showroom send personalized messages to their subscribers, promoting their products, and offering exclusive deals and promotions. Email marketing campaigns can also be used to provide valuable content to subscribers, such as fashion advice, style tips, and behind-the-scenes content, which can help build brand loyalty and foster long-term relationships with customers. Showroom uses MailChimp – email marketing platform that allows businesses to create, manage, and send email campaigns to their subscribers. It is one of the most popular email marketing services in the world, with over 18 million customers. Mailchimp offers a wide range of features and tools, including customizable email templates, automation workflows, audience segmentation, A/B testing,

and analytics. The platform is user-friendly and accessible to businesses of all sizes, from small startups to large enterprises. Mailchimp also integrates with other marketing tools, such as social media platforms and e-commerce platforms, allowing businesses to streamline their marketing efforts and reach their audience across multiple channels.

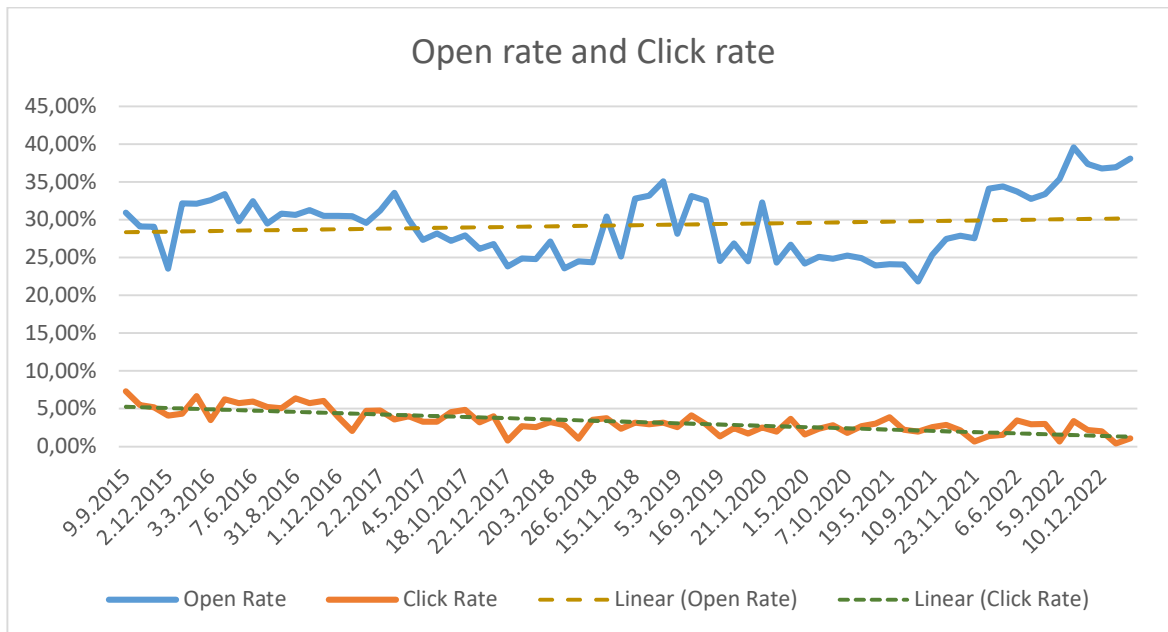
Figure 45. Number of subscribers, unique opens and clicks



Source: MailChimp, own calculation

Email marketing is a crucial part of a marketing strategy, but the number of subscribers has not significantly changed for 6 years, the latest number is 1772. Given the fact that the potential market is much bigger, email subscription is the marketing channel that requires focus and further work to attract new customers.

Figure 46. Email open rate and click rate



Source: MailChimp, own calculation

The open rate trendline and forecast is stable in the average of 29,27%. According to MailChimp benchmarks, the average open rate for the showroom can be considered top tier, compared with 21,33% average total and 18,39% average for retail. Same applies to the click rate of 3,27%, a one percent higher than average click rate for retail. Although the decreasing trendline cannot be ignored and should be considered. Most of the subscribers are women older than 35 which correlates with Facebook page data.

Table 8. Open rate and click rate

	Open rate	Click rate
Average total	21,33%	2,62%
Average for retail	18,39%	2,25%
Showroom. average	29,27%	3,27%

Source: MailChimp, own calculations

4.6 SWOT analysis

The strengths, weaknesses, opportunities, and threats are analyzed using SWOT analysis, which was previously outlined in the theoretical section of the thesis. The findings and data from prior analyses were applied to it, and the following factors that most influence Showroom's current orientation were chosen. They were also discussed during interviews with the showroom's management and employees. The thesis's detailed SWOT analysis serves as the foundation for developing specific marketing strategies and proposals.

Figure 47. SWOT analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Strong relationships with local designers, allowing for unique and exclusive collections 2. Prime location in the city center, easily accessible for tourists and locals 3. Strong reputation for quality and customer service 4. Regular events and collaborations with designers and brands, providing added value for customers 5. Emphasis on sustainability and ethical practices, appealing to conscious consumers 	<ol style="list-style-type: none"> 1. Limited brand recognition outside of Prague 2. Limited marketing budget for advertising and promotions 3. Limited space in the showroom for inventory and displays 4. Limited online presence and e-commerce capabilities 5. No Customer Management System is used, hard to track crucial marketing and sales data
Opportunities	Threats
<ol style="list-style-type: none"> 1. Increased interest in sustainable and ethical fashion practices, providing potential for growth in this market 2. Collaborations with local businesses and events to increase visibility and attract new customers 3. Expansion of e-commerce capabilities to reach customers outside of Prague 4. Diversification of inventory and offerings to appeal to a wider range of customers 5. Partnerships with influencers or bloggers to increase brand visibility and reach 	<ol style="list-style-type: none"> 1. Economic downturns or changes in consumer spending habits 2. Global pandemic or other unexpected events impacting retail operations 3. Increased competition from fast-fashion retailers or larger chains entering the market 4. Changes in fashion trends or preferences impacting the demand for the showroom's offerings 5. Rising costs of production or raw materials impacting pricing and profitability.

Source: own research

Figure 48. Rich SWOT analysis and strategies (TOWS matrix)

	<p>Opportunities</p> <ol style="list-style-type: none"> 1.Potential for growth in the market of sustainable and slow fashion 2.Collaborations with local businesses and events 3.Expansion of e-commerce capabilities 4.Diversification of portfolio 5.Partnerships with influencers or bloggers 	<p>Threats</p> <ol style="list-style-type: none"> 1.Economic crisis 2.Unexpected global events 3.Increased competition 4.Changes in fashion trends or consumer preferences 5.Inflation and rising costs
<p>Strengths</p> <ol style="list-style-type: none"> 1.Strong relationships with local designers 2.Prime location in the city center 3.Strong reputation for quality and customer service 4.Regular events and collaborations 5.Emphasis on sustainability 	<p>SO strategies</p> <ol style="list-style-type: none"> 1.Expand online presence and e-commerce capabilities to reach customers outside of Prague. (S4+O3) 2.Build partnerships with influencers to increase brand visibility. (S3+O5) 3.Leverage the emphasis on sustainability and ethical practices to develop a competitive advantage and attract conscious consumers. (S5+O1) 	<p>ST strategies</p> <ol style="list-style-type: none"> 1.Use regular events and collaborations to strengthen relationships with local designers, increase customer loyalty. (S1+T3) 2.Build on the strong reputation for quality and customer service to differentiate the brand from fast-fashion retailers and larger chains entering the market. (S3+T3) 3. The showroom's prime location in the city center provides an opportunity to host events to increase visibility and attract new customers (S2+T3)
<p>Weaknesses</p> <ol style="list-style-type: none"> 1.Limited brand recognition outside of Prague 2.Limited marketing budget 3.Limited space in the showroom 4.Limited online presence and e-commerce capabilities 5.No Customer Management System 	<p>WO strategies</p> <ol style="list-style-type: none"> 1.Increase marketing efforts by collaborating with local businesses and events to increase visibility and attract new customers.(W2+O5) 2. Implement a Customer Management System to track crucial marketing and sales data to identify popular products and trends, and diversify the inventory and offerings accordingly.(W5+O1) 3. Expand E-commerce Capabilities to Reach Customers Outside of Prague (W4+O3) 	<p>WT strategies</p> <ol style="list-style-type: none"> 1.Focus on building brand loyalty and customer retention through targeted marketing efforts, personalized customer experiences. (W2+T2) 2.Monitor fashion trends and preferences to ensure that limited space in the showroom is optimized to showcase the most in-demand offerings. (W3+T4) 3.Develop a contingency plan to mitigate the impact of unexpected events, such as a global pandemic or economic downturn.

Source: own research

The proposed strategies aim to address the key strengths, weaknesses, opportunities, and threats identified in the SWOT analysis. This justification provides an overview of the proposed strategies and explains their relevance to the Showroom's situation and context.

Fast-fashion retailers and larger chains entering the market are a significant threat to the showroom's success. The proposed strategy S3T3 seeks to leverage the strengths, specifically its strong relationships with local designers, to differentiate itself from fast-fashion retailers. By emphasizing the uniqueness and exclusivity of its collections, the showroom can attract customers looking for something different from what fast-fashion retailers offer. This strategy also helps mitigate the threat of increased competition from fast-fashion retailers.

W4O3 strategy helps to mitigate the impact of the weakness and capitalize on the opportunity presented by the expansion of e-commerce capabilities. Limited online presence and e-commerce capabilities are weaknesses the Showroom faces. By expanding its e-commerce capabilities, the showroom can reach customers outside of Prague, expanding its customer base and increasing its revenue.

The strategy S5O1T5 helps to leverage the strength of emphasizing sustainability and ethical practices to capitalize on the opportunity presented by increased interest in sustainable and ethical fashion practices and mitigate the threat of rising costs of production. Emphasizing sustainability and ethical practices is a strength the Showroom possesses, and increased interest in sustainable and ethical fashion practices is an opportunity for growth in this market. Rising costs of production or raw materials impacting pricing and profitability is a significant threat the fashion showroom faces. By emphasizing sustainability and ethical practices, the showroom can attract conscious consumers and mitigate the impact of rising costs of production.

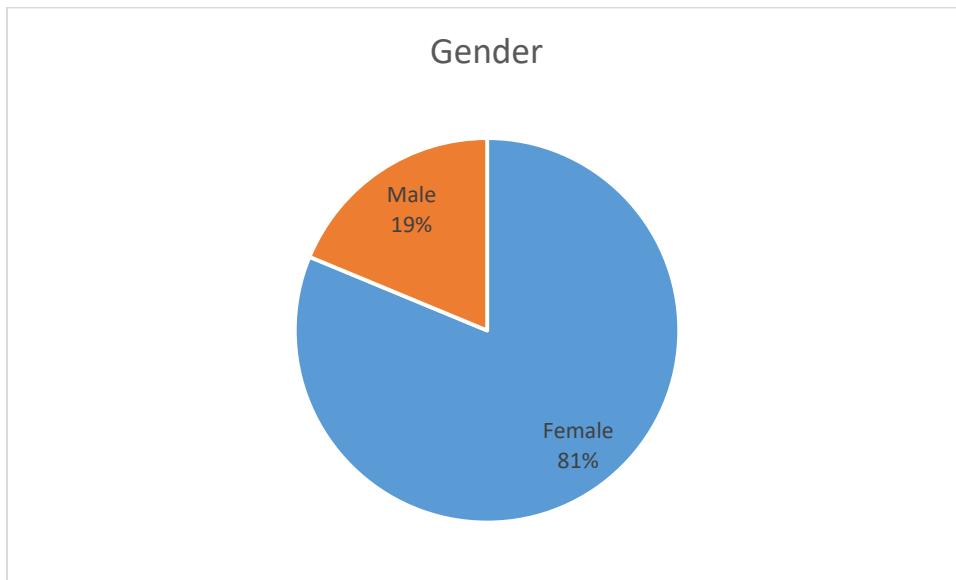
W5O1 is intended to implement a customer management system to track marketing and sales data, enabling informed business decisions and improved customer service. The showroom's lack of a customer management system is a weakness that makes it difficult to track marketing and sales data. Implementing a customer management system would address this weakness and provide the showroom with valuable data to inform business decisions and improve customer service.

By leveraging the Showroom's strengths, mitigating its weaknesses, capitalizing on opportunities, and mitigating threats, the proposed strategies seek to improve the Showroom's performance and ensure its long-term success.

4.7 Questionnaire survey

The following part of the thesis is a questionnaire survey. The survey aims to gather insights into consumer preferences, behaviors, and attitudes towards local designer fashion in Prague, aiding in answering specific research questions. Target population are residents and tourists in Prague interested in fashion. Participants were both consumers in store and online followers. This survey is completely anonymous, structured for the respondents to be clear and intuitive. A combination of convenience and stratified sampling has been used as sampling method. The survey is composed mainly of closed questions, but there are also open-ended questions. It was conducted via Google Forms in 2 languages – English and Czech, the results are merged from both versions. It was completed in the period of 1.10.2023 – 20.03.2024.

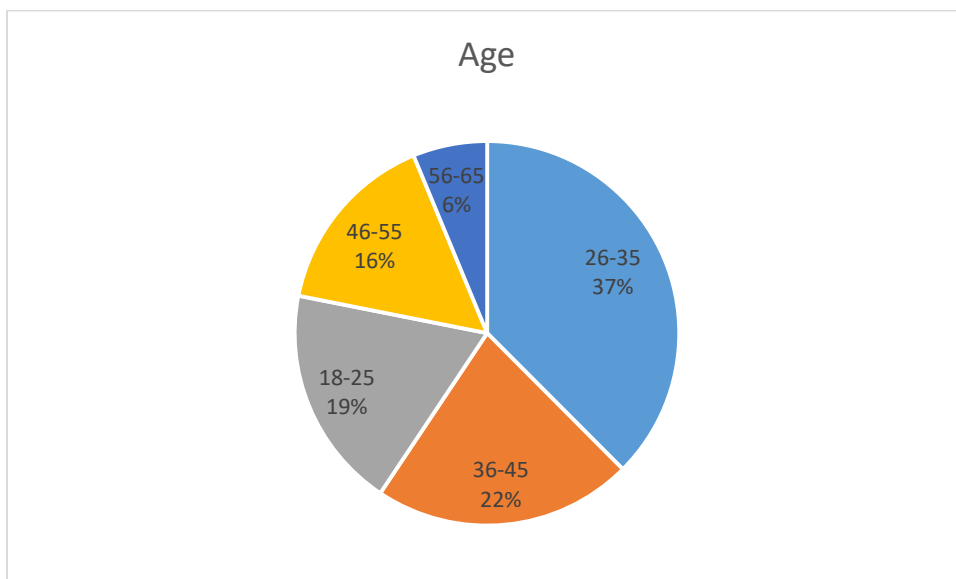
Figure 49. Gender



Source: own calculation

32 respondents, 6 men and 26 women took part in the survey.

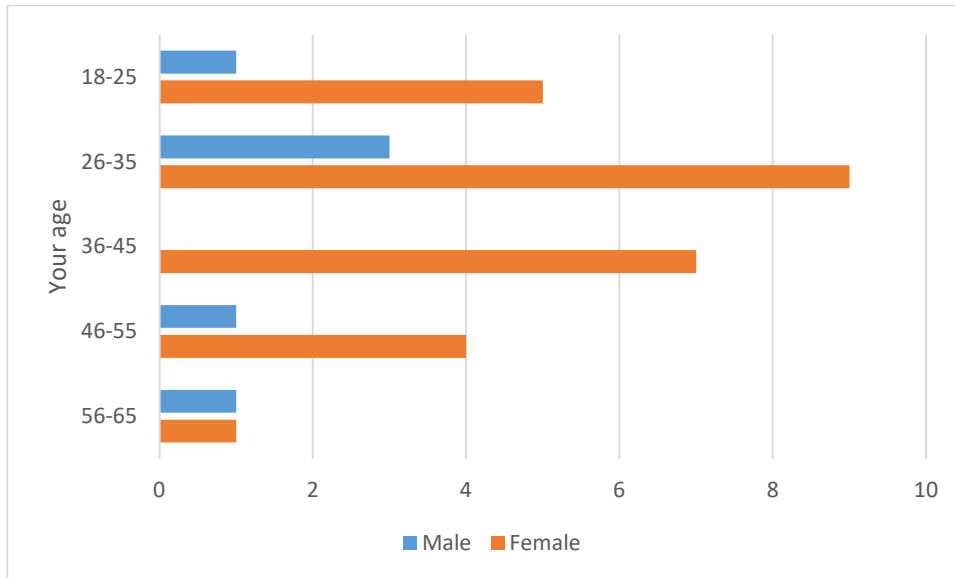
Figure 50. Age



Source: own calculation

The survey provides insights into the age distribution of respondents. The highest representation is from individuals aged 26 to 35, constituting 12 (37.5%) of respondents. The second-largest group is aged 36 to 45, comprising 7 (21.9%) of respondents. The 18 to 25 age group represents 6 (18.8%) of respondents. The older brackets - 46 to 55 and 56 to 65 - constitute 5.6% (5 individuals) and 6.3% (2 individuals) of the respondents, respectively. Overall, the highest number of respondents falls within the 26 to 35 age range, with a decreasing number observed in older age brackets.

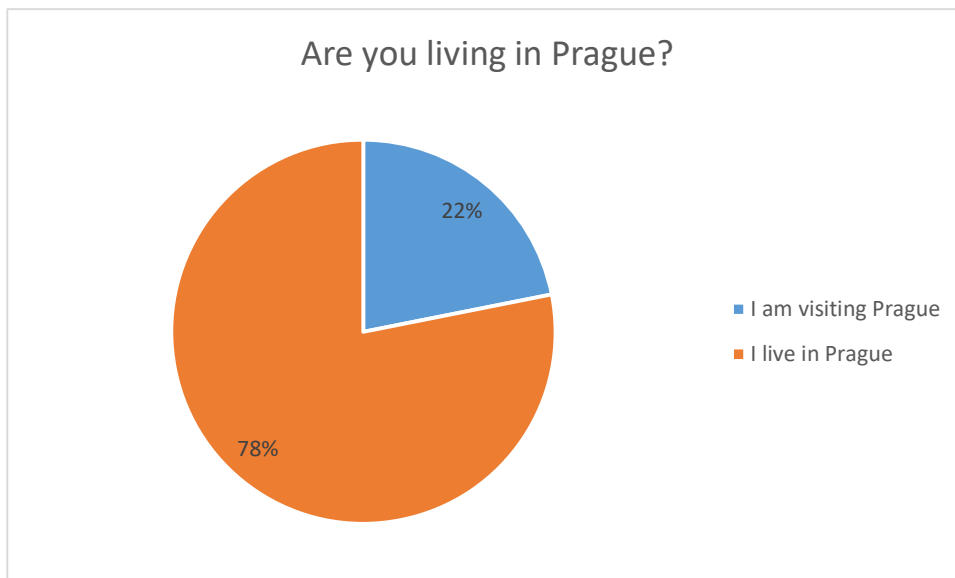
Figure 51. Age / Gender distribution



Source: own calculation

This survey encompassed 32 respondents, examining their age and gender distribution. Among respondents aged 18-25, 5 identified as female and 1 as male, totaling 6 individuals. In the 26-35 age bracket, 9 females and 3 males participated, summing up to 12 respondents. Within the 36-45 age group, an equal number of 7 individuals of either gender took part. The 46-55 age range consisted of 4 females and 1 male, totaling 5 respondents. Lastly, in the 56-65 age bracket, 1 male and 1 female participated, totaling 2 respondents. Overall, the data reflects a predominant female participation across various age categories, particularly in the younger age groups, suggesting a higher female representation in this surveyed sample.

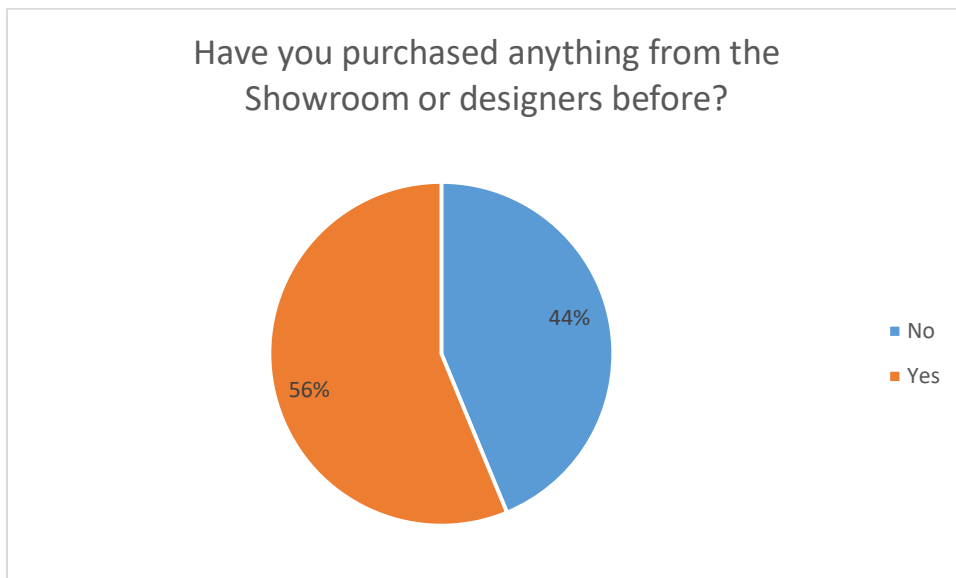
Figure 52. Living in Prague



Source: own calculation

It appears that the majority of respondents (25), comprising 78%, indicated that they live in Prague. On the other hand, 22% of respondents (7) mentioned that they are visiting Prague.

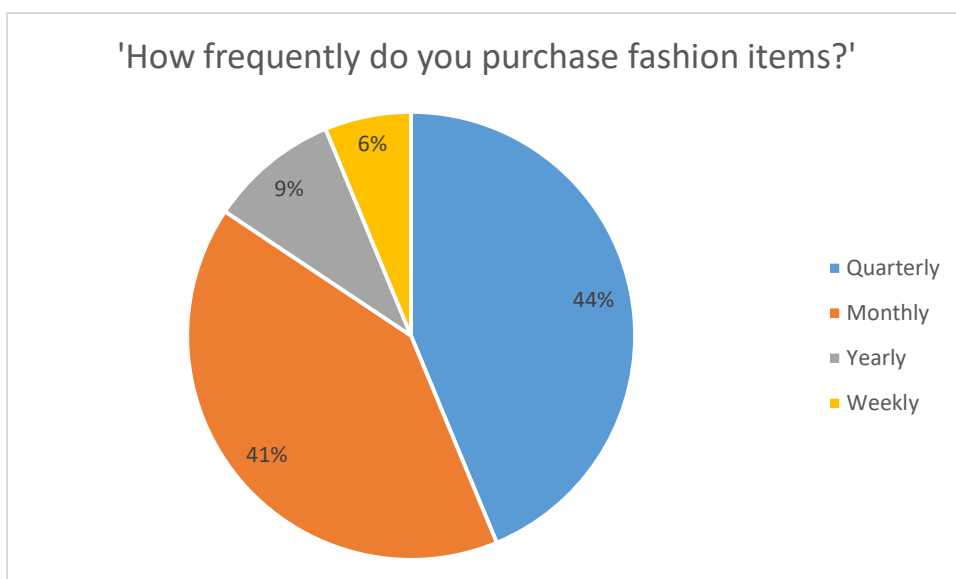
Figure 53. Previous purchase



Source: own calculation

Based on the results of the survey question "Have you purchased anything from the Showroom or designers before?", it appears that 56% of respondents answered "Yes," indicating that they have purchased items from the Showroom or designers before. On the other hand, 44% of respondents answered "No," indicating that they haven't made any purchases previously.

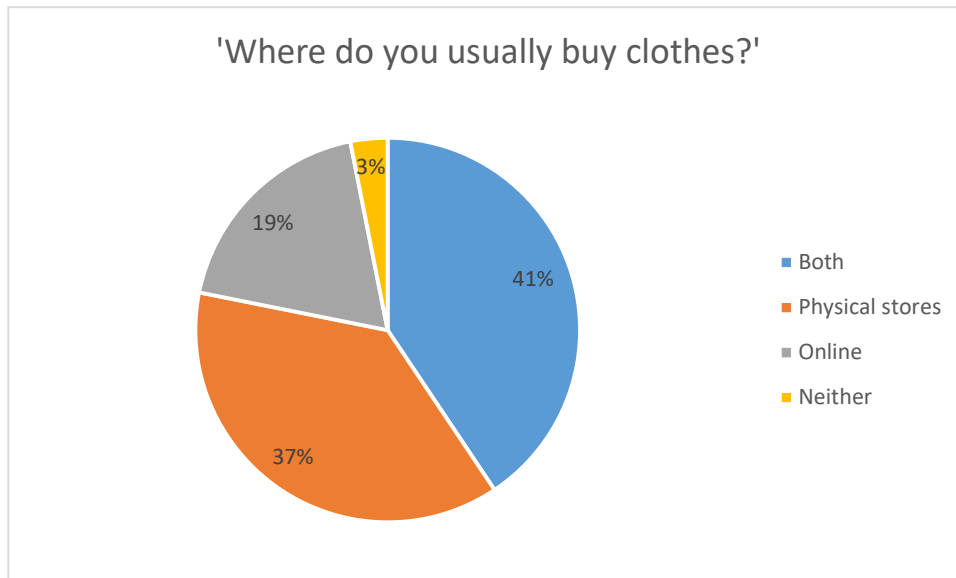
Figure 54. Frequency of purchase



Source: own calculation

This graph reveals the frequency of fashion item purchases among respondents. The highest frequency is quarterly, with 14 respondents (43.8%) making purchases on this schedule. 40.6% (13 respondents) buy fashion items monthly. Yearly purchases are less common, accounting for 3 respondents (9.4%), while a smaller percentage, 6.3% (2 individuals), purchase fashion items weekly. The data indicates that a significant portion of respondents shop for fashion items either monthly or quarterly, with a minority opting for yearly or weekly purchases.

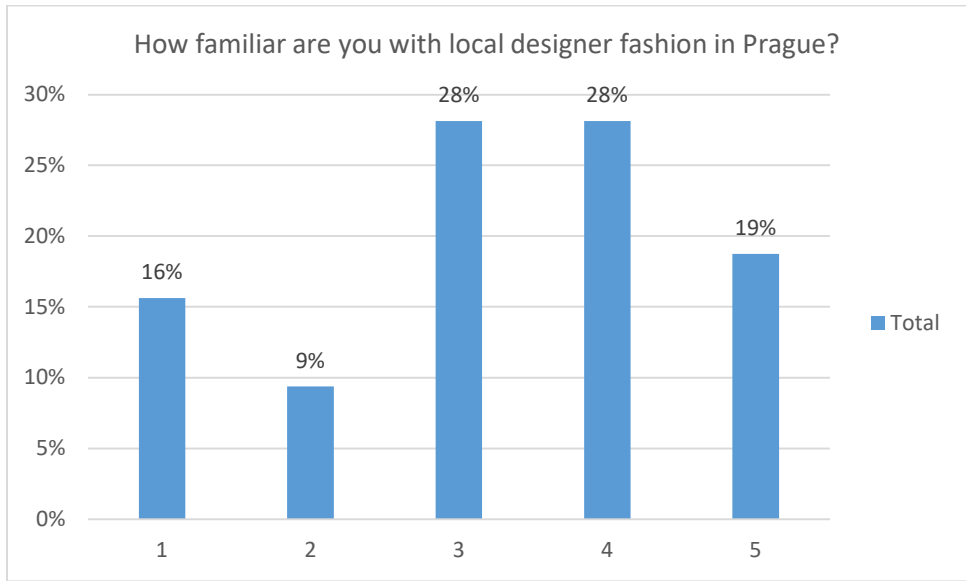
Figure 55. Location preference



Source: own calculation

The survey captures the preferred clothing purchasing habits of respondents. The majority, 40.6% (13 respondents), opt for both online and physical stores when buying clothes. Physical stores are chosen by 37.5% (12 respondents) of respondents, while 18.8% (6 respondents) prefer to shop online. A small portion, 3.1% (1 respondent), indicated that they don't buy clothes from either online or physical stores. This data reflects a fairly balanced preference between online and physical shopping, with a significant proportion favoring the option to shop in both mediums.

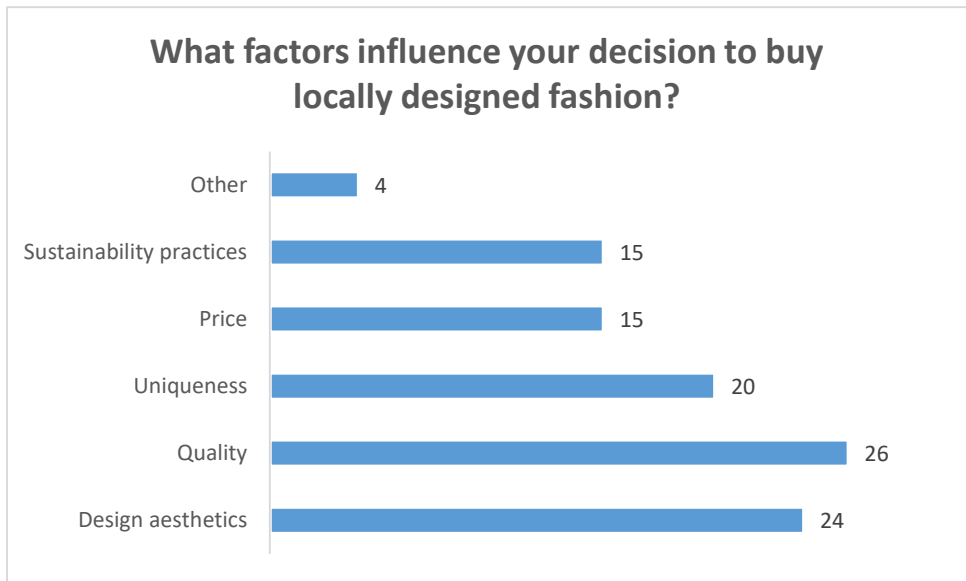
Figure 56. How familiar are you with local designer fashion in Prague?



Source: own calculation

Respondents were asked to rate their familiarity on a scale from 1 to 5, where 1 represents "Not familiar at all" and 5 represents "Very familiar." The distribution of responses is as follows: 16% of respondents rated their familiarity as 1 ("Not familiar at all"). 9% of respondents rated their familiarity as 2. 28% of respondents each rated their familiarity as 3 and 4. 19% of respondents rated their familiarity as 5 ("Very familiar"). Overall, the majority of respondents rated themselves as moderately familiar with local designer fashion in Prague, with a notable portion indicating higher familiarity and a smaller portion indicating lower familiarity.

Figure 57. Important factors

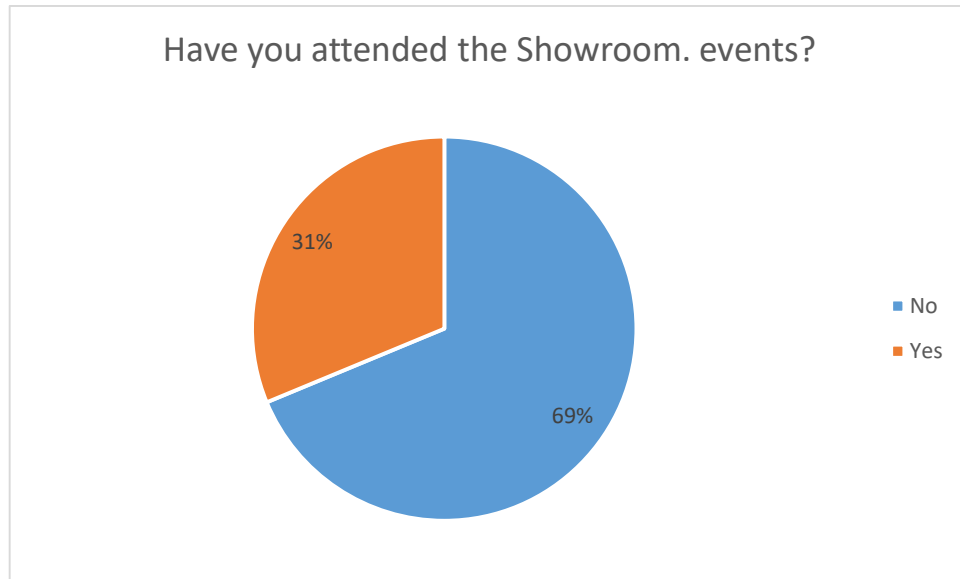


Source: own calculation

Quality stands out as the most influential factor, with 26 respondents, constituting 81% of the total, prioritizing it. Design aesthetics closely follow, with 24 respondents, accounting

for 75%, valuing this aspect. Uniqueness holds significance for 20 respondents, representing 62% of the total. Price and sustainability practices hold relatively lower influence, with 46% and 47% of respondents respectively considering them important factors. Notably, a small subset, accounting for 12% of respondents, identified other factors not listed in the survey. Overall, quality and design aesthetics emerge as primary drivers, indicating that consumers place high importance on the craftsmanship and visual appeal of locally designed fashion when making purchasing decisions.

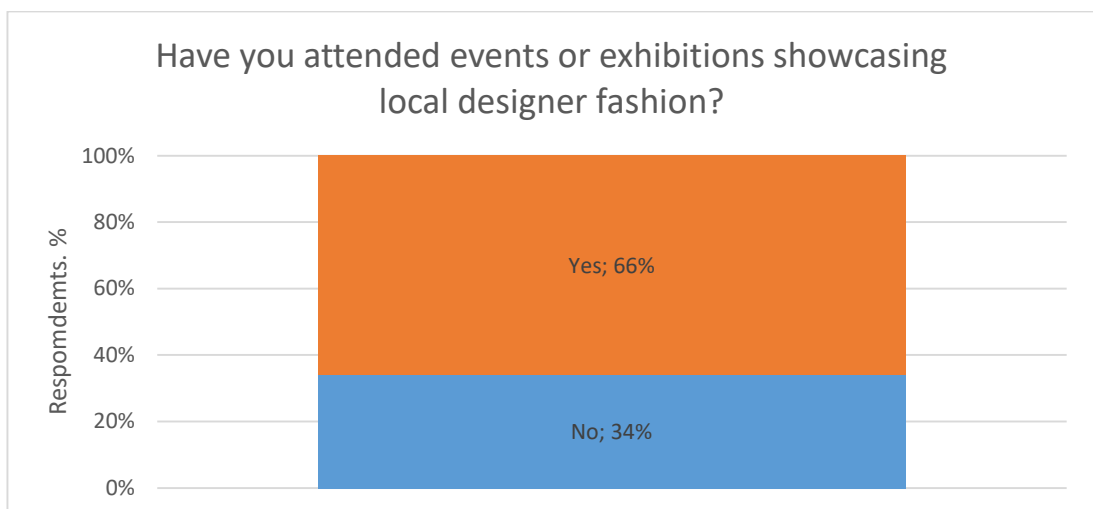
Figure 58. Have you attended the Showroom. events?



Source: own calculation

Based on the results of the survey question "Have you attended the Showroom events?", it appears that 69% of respondents answered "No". On the other hand, 31% of respondents answered "Yes," It suggests that a significant portion of the respondents have not participated in the Showroom events.

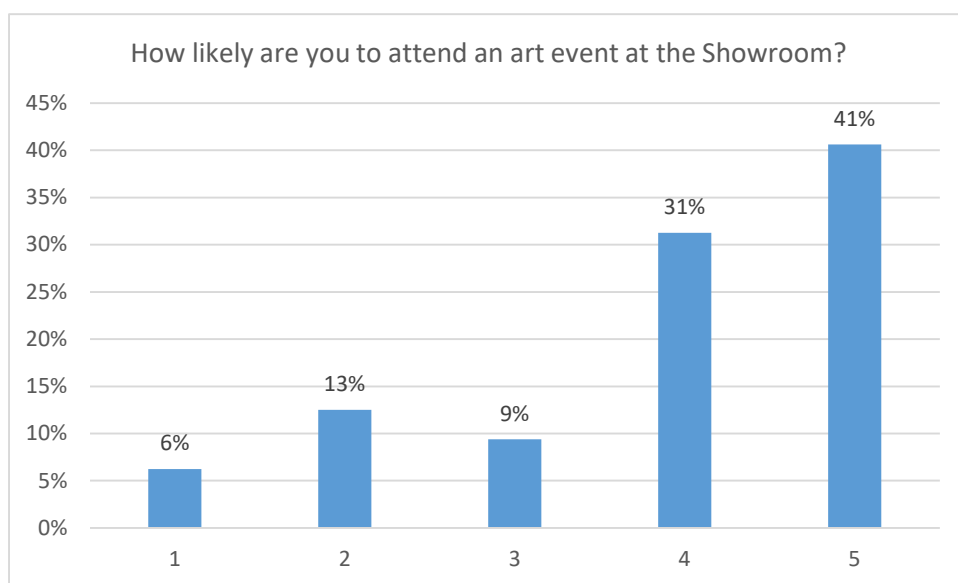
Figure 59. Have you attended events or exhibitions showcasing local designer fashion?



Source: own calculation

The majority, comprising 66% (21 respondents), indicated that they have attended such events. Conversely, 34% (11 respondents) stated that they have not attended such exhibitions. This data suggests a significant inclination towards engagement with events featuring local designer fashion among the respondents, indicating a prevalent interest or involvement within this segment.

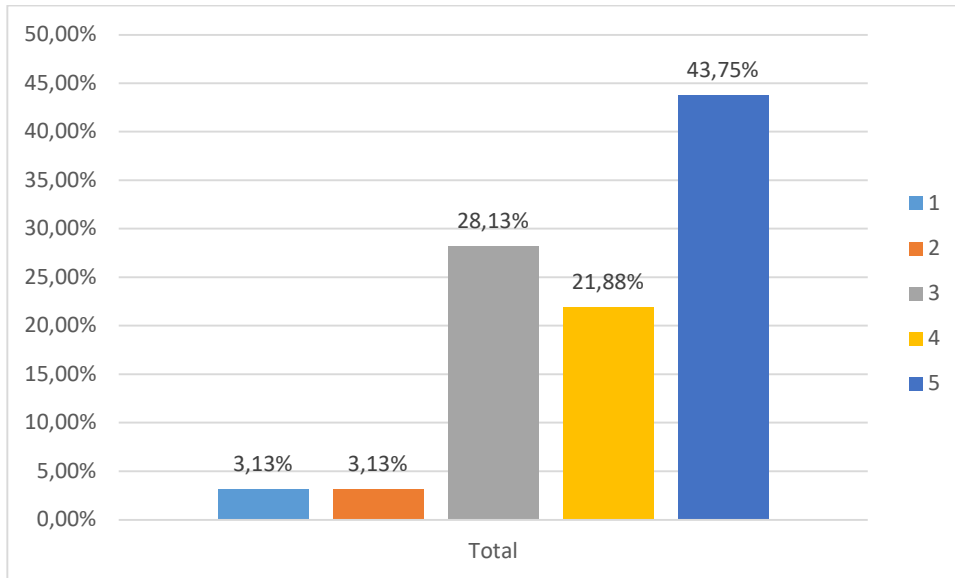
Figure 60. How likely are you to attend an art event at the Showroom?



Source: own calculation

The data indicates that the majority of respondents, 41% (13 individuals), marked a likelihood rating of 5, representing the highest likelihood to attend such an event. Following closely, 31% (10 respondents) expressed a likelihood rating of 4. A smaller but notable subset of 4 respondents (12%) indicated a likelihood rating of 2, while 9% (3 individuals) opted for a rating of 3. A minimal number of respondents, 2 individuals (6%), indicated the lowest likelihood, rating the event attendance as 1. These answers illustrate a significant interest among a majority of respondents in attending art events held at showrooms, with a considerable proportion expressing high likelihood, thus reflecting a positive inclination towards participating in such activity.

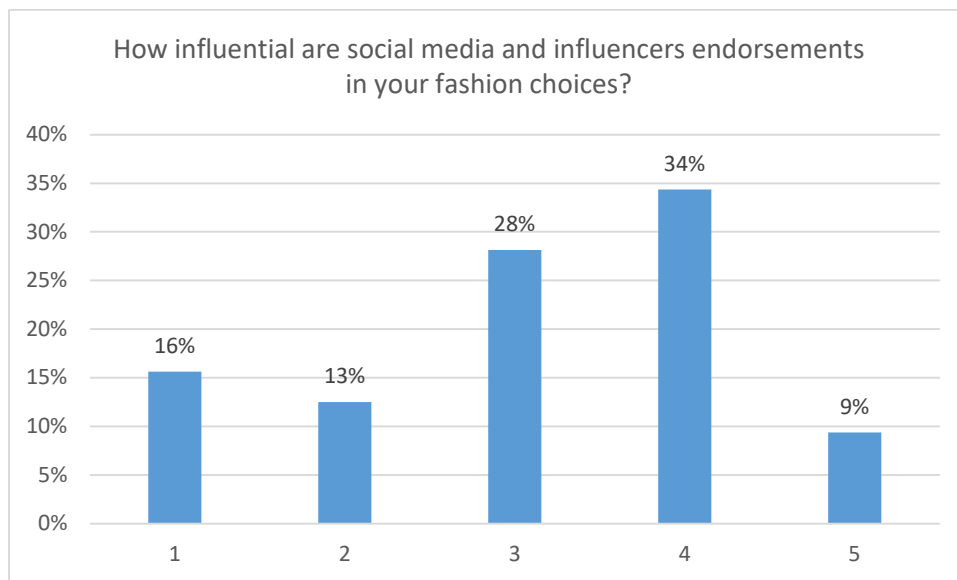
Figure 61. How important is it for you to support local designers?



Source: own calculation

The majority of respondents, 43.75% (14 individuals), marked a rating of 5, signifying the highest level of importance. Additionally, substantial proportions chose ratings of 3 and 4, indicating moderate to considerable importance, while a smaller percentage assigned lower importance by choosing ratings 1 and 2.

Figure 62. Influence of social media and influencer endorsements

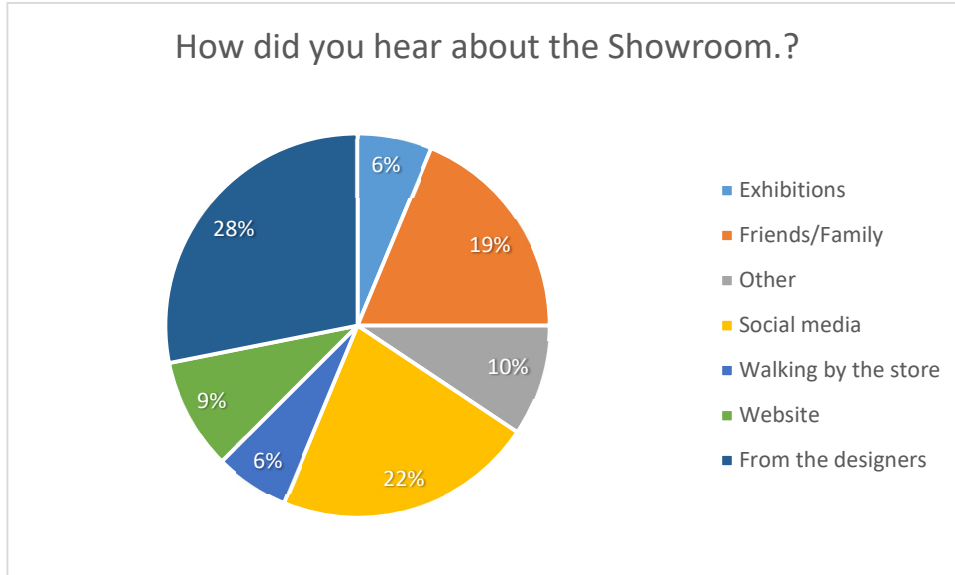


Source: own calculation

Respondents were asked to rate the influence on a scale from 1 to 5, where 1 represents "Not influential at all" and 5 represents "Very influential." The distribution of responses is as follows: 16% of respondents rated social media and influencers endorsements as 1 ("Not influential at all"). 13% of respondents rated it as 2. 28% of respondents rated it as 3. 34% of respondents rated it as 4. 9% of respondents rated it as 5 ("Very influential"). A significant portion of respondents found social media and influencers endorsements to be

influential in their fashion choices, with the majority rating it as moderately to very influential.

Figure 63. How did you hear about the Showroom?



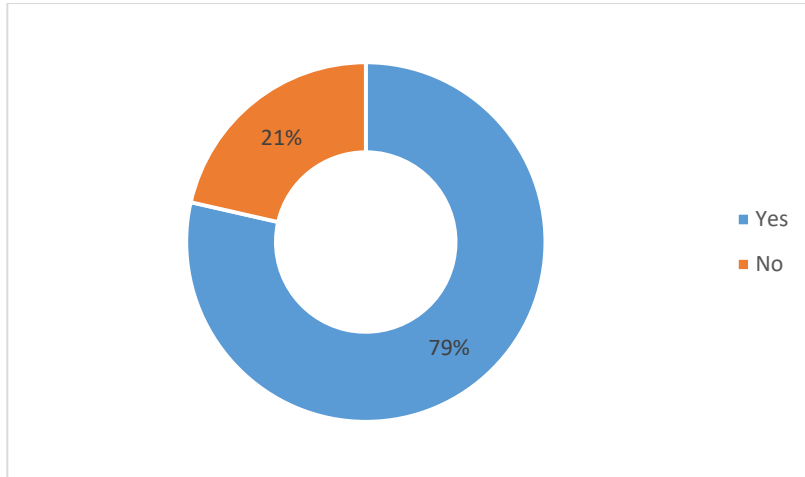
Source: own calculation

The distribution of responses to the question "How did you hear about the Showroom?" is as follows: 28% of respondents heard about the Showroom through Exhibitions. 22% of respondents heard about it from friends or family. 19% of respondents mentioned social media as the source. 10% of respondents learned about the Showroom through "Other" means. 9% of respondents discovered it just by walking by the store. 6% of respondents mentioned the website as their source of information. Another 6% of respondents heard about it from the designers. This indicates that various channels have contributed to spreading awareness about the Showroom, with exhibitions, word of mouth (friends/family), and social media being the most significant sources.

4.8 Evaluation of the results of the questionnaire survey

The survey provided enough information to find some correlations and tendencies which can be beneficial for developing a marketing strategy.

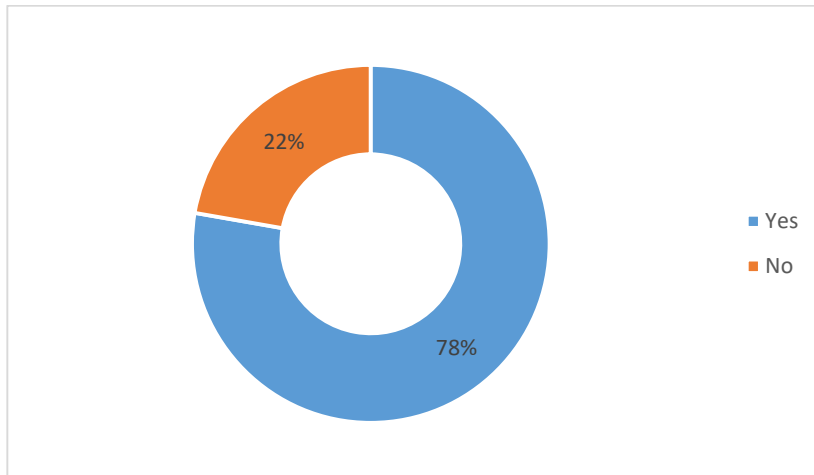
Figure 64. Correlation Between Support for Local Designers and Previous Purchases from Showroom/Designers



Source: own calculation

Among respondents who rated the importance of supporting local designers as a 5, 79% (25 individuals) had previously purchased items from the Showroom or directly from brands/designers, while 21% (7 individuals) had not made such purchases. In the context of respondents rating the importance of supporting local designers as a 5, a significant majority who answered "Yes" had previously made purchases from the Showroom or directly from brands/designers.

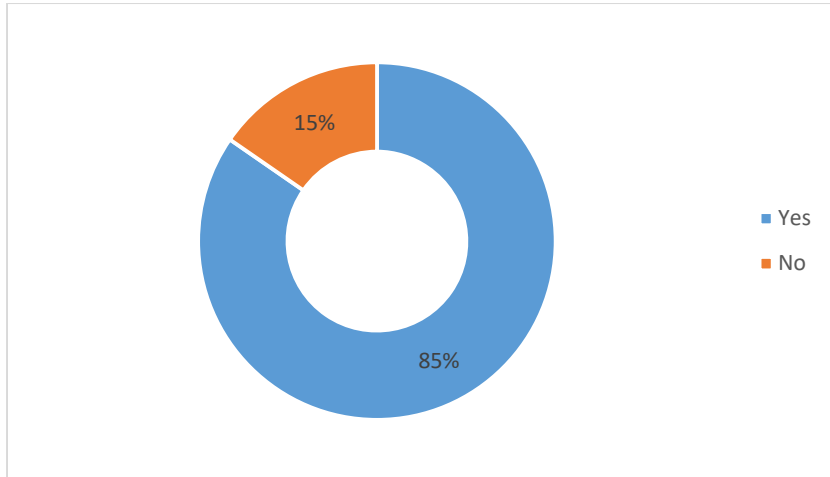
Figure 65. Relationship Between Prior Purchases from Showroom/Designers and Attendance at Local Designer Fashion Events/Exhibitions



Source: own calculation

Among those who answered "Yes" to having purchased anything from the Showroom or directly from brands/designers before (18 respondents, 56% of total), a majority (78%) have also attended events or exhibitions showcasing local designer fashion.

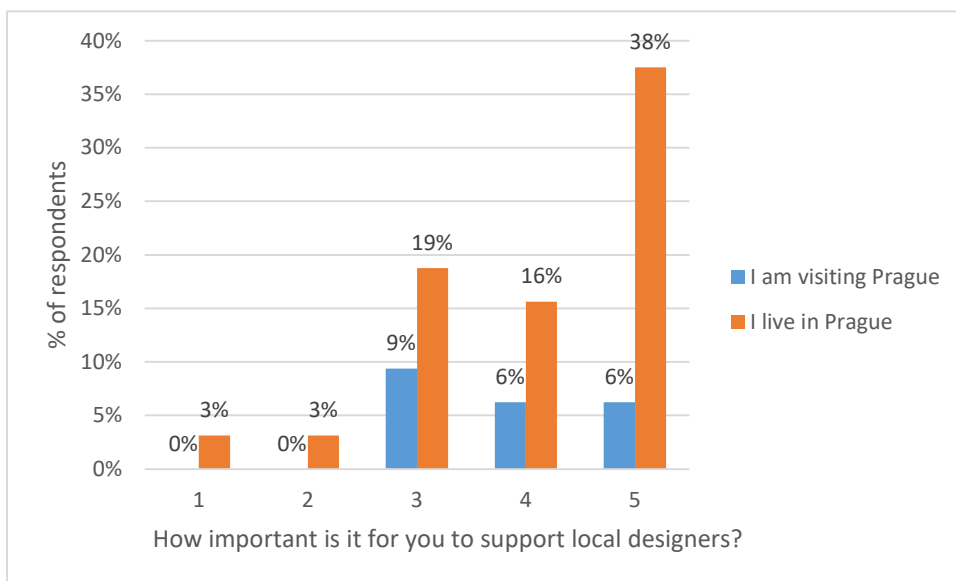
Figure 66. Influence of Showroom Events on Perception vs. Attendance at Local Designer Fashion Events/Exhibitions



Source: own calculation

Among those who indicated that attending an event at a Showroom positively influenced their perception of the showroom (13 respondents), a majority (85%) had also attended events or exhibitions showcasing local designer fashion.

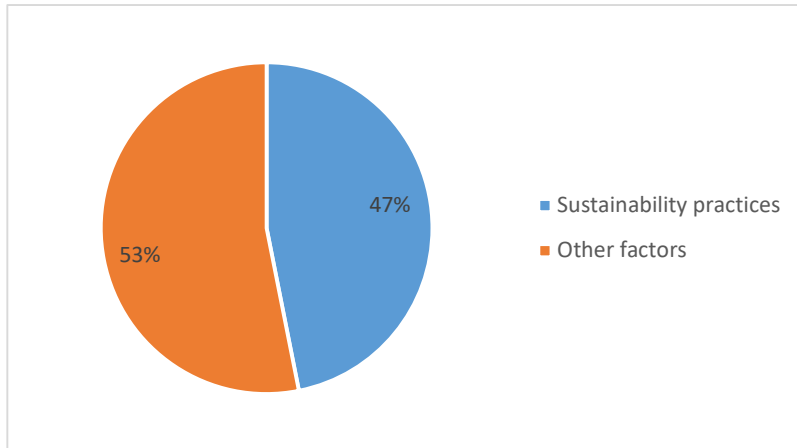
Figure 67. Importance of supporting local designers for respondents living in Prague



Source: own calculation

The 25 respondents living in Prague (78% of total) show the highest frequency (48%) of rating the importance of supporting local designers as a 5 (highest rating).

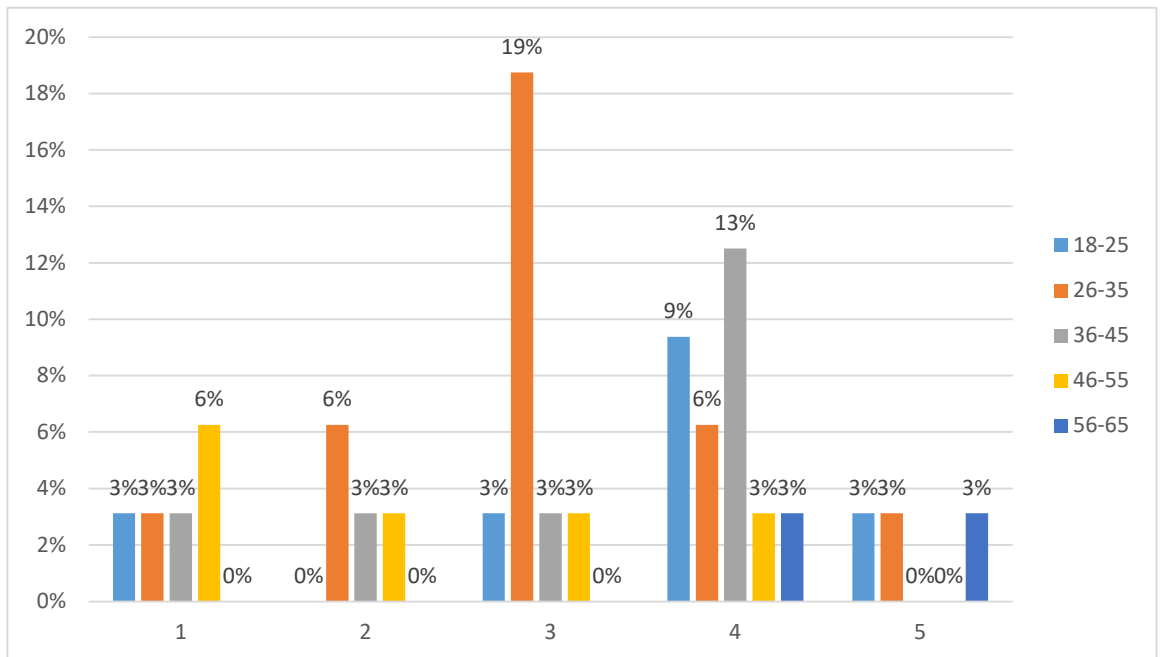
Figure 68. Sustainability practices as a factor to buy locally designed fashion



Source: own calculation

Almost half (47%) of respondents answered that they opt to buy from local designers because of sustainability practices.

Figure 69. How influential are social media and influencer endorsements by Age



Source: own calculation

The data highlights a trend: younger respondents (18-35) tend to attribute greater influence to social media and influencer endorsements in fashion choices. Around 34% of 18-25-year-olds and 38% of 26-35-year-olds rated this influence as significant (rating 4). However, as age increases, this influence diminishes, with only 16% of those aged 46-55 attributing such importance. The highest rating (5) was predominantly given by younger respondents, indicating a decreasing reliance on social media for fashion influence with age.

5 Proposed marketing strategy

This chapter aims to outline a comprehensive marketing strategy that integrates research findings to position the showroom uniquely in Prague's fashion landscape, ensuring sustained growth, relevance, and resonance with the target audience.

The proposed marketing strategy for Showroom. leverages social media analytics, technological advances such as implementation of a CRM system, and existing market research to create a comprehensive plan to increase brand awareness, attract customers, and boost sales. By capitalizing on opportunities such as the growing interest in sustainable fashion and e-commerce, the showroom can continue to differentiate itself from its competitors and build a loyal customer base.

5.1 Goals

The main objective of Showroom's marketing strategy is to maintain and strengthen its market position.

In addition, the following objectives have been defined:

- Boost sales and revenue, increase the number of regular customers by 10% compared to 2023.
- Increase brand awareness among the target audience by 20% compared to 2023.
- Attract minimum 3 more designers for permanent collaboration.
- Improvement of the data collection regarding sales and clients.
- Increase customer engagement and loyalty.

5.2 Segmentation and Targeting

Understanding the proposed target segments is crucial for tailoring marketing strategies effectively.

Based on the results from the practical part of the thesis, data obtained from the founders and employees, and from the questionnaire survey, the following main target segments were proposed for showroom:

1. Fashion-conscious women 26+, who shop for fashion on a quarterly basis, prioritize design aesthetics, quality, and uniqueness. They are drawn to businesses that align with their preferences for sustainable, locally sourced fashion brands. The budget is mid-high to high, 5000-15000 CZK per purchase. These individuals enjoy the flexibility of both online and in-person shopping experiences. Moreover, they often participate in design exhibitions and art events.
2. Men aged 26+ who are looking for unique fashion pieces as gifts. Their budget is mid-high to high (5000-20000 CZK per purchase).

5.3 Positioning

The showroom's unique value proposition is its curated range of designer clothing, bags, and jewelry, which can be personalized to suit individual tastes. It also offers the

opportunity to meet the designers face-to-face, fostering a personal connection and understanding of the creative process. In addition, guests can participate in various events hosted by the showroom, enhancing their overall shopping experience.

5.4 Product

The main goal is to maintain current relationships with resident designers and promote their products. However, one of the Showroom's strengths in product proposition is inviting guest designers on a regular basis. While this practice already shows consistently good results in attracting new customers it can be enhanced by the following.

Collaborate with renowned guest designers on exclusive collections or limited-edition releases to bring unique value both to the showroom and the brands.

Host events for designer showcases featuring guest designers' collections, attracting potential customers, and increasing foot traffic to the Showroom. It will help to leverage the guest designers' existing customer base and social media following to enhance Showroom's brand visibility and attract new customers to the showroom.

Offer opportunities for young designers to showcase their work through Showroom's curated exhibitions, fostering a creative community within the showroom. As the results of the survey have shown, a significant proportion of customers would like to support local designers.

Also, it is worth noting that the results of the survey showed customers' interest in sustainability practices. Therefore, the following can be proposed.

Obtain recognized sustainable certifications such as Fair Trade or Global Organic Textile Standard (GOTS), or OEKO-TEX Standard 100 for products offered within the showroom.

Partner with brands and designers that prioritize ethical sourcing, environmentally friendly production practices, and social responsibility. Promote sustainable initiatives, empowering customers to make informed purchasing decisions.

By incorporating these elements into the marketing strategy, the Showroom can differentiate itself as a destination for innovative and sustainable fashion, attracting a diverse clientele and contributing to positive social and environmental impact within the industry.

5.5 Cashflow

Given the showroom's revenue model of renting space to designers, the liquidity ratios calculated during internal analysis in the practical part should be enhanced due to rising energy prices and inflation. A proposed solution is:

Implement a flexible dynamic pricing model for showroom rentals that accounts for fluctuations in energy prices and inflation. Offer flexible lease terms, such as shorter-term rentals or month-to-month agreements, to accommodate designers' changing needs and market conditions.

Review existing rental agreements and consider incorporating inflation-adjustment clauses to ensure rental rates keep pace with rising costs. Negotiate favorable terms with suppliers and service providers to mitigate the impact of inflation on operating expenses and maintain profitability.

Conduct regular cash flow projections and scenario analyses to assess the impact of energy price fluctuations and inflation on liquidity ratios. It will help to maintain adequate cash reserves and establish contingency funds to cover unexpected expenses or revenue shortfalls during periods of economic uncertainty.

Focus on delivering exceptional customer service and value-added amenities to enhance the rental experience for designers and foster long-term relationships. Regularly gather feedback from them to understand their needs and preferences and adapt offerings accordingly to maintain rental income stability.

By implementing these measures, the showroom can enhance its liquidity ratios while effectively managing the challenges posed by rising energy prices and inflation, thereby ensuring financial resilience and sustainability in the long term.

5.6 Promotion

Maintain a social media presence. Social media is an essential tool for fashion brands to connect with their audience and promote their products. Showroom already owns accounts on Instagram and Facebook with significant number of followers and reach. However, a Pinterest account has not been utilized to its full potential. It can work as another communication channel to attract customers since the platform is popular for visual content, creating mood boards and fashion-related tips. Pinterest has almost twice the market share of Instagram (11% against 6%) in the Czech Republic. Large competitors brands leverage their Pinterest presence, for example SSENSE with 366 thousands of followers, COS with 225 thousands. But direct competitors either do not have accounts or they are not so active on Pinterest, such as Freshlabels with only 50 followers. There is an opportunity to use this platform while the competition is not so high.

Collaborate with influencers. Working with influencers is an effective way to reach a wider audience and build brand awareness. Showroom can collaborate with fashion bloggers, Instagram influencers, and local celebrities to showcase their latest collections and increase social media reach.

Develop a Content Marketing Strategy. The showroom will create more photo and video content (Facebook posts, Instagram stories and reels, Pinterest pins and collections) showcasing new collections and the everyday life of designers. Focus on sustainable practices and quality of materials. One of the recommendations is to start paying attention to audio content, both in the showroom and online. A live DJ at the showrooms' promotional events is one way that has already been adopted. Create a curated playlist on Spotify as some competitors have already done, one of the successful examples is the 'COS Sounds' playlist with 19k likes on Spotify. It will reflect the Showroom aesthetic and increase customer engagement.

Implement a content calendar for social media, outlining the frequency and types of posts aligned with the showroom's brand narrative. Initiate collaborations with local influencers and artists, scheduling events and collections to coincide with Prague's cultural festivals or fashion weeks.

Leverage email marketing. Email marketing is an effective way to reach customers directly and keep them engaged with a brand. At the moment email marketing is one of the

most effective communication channels for Showroom. and both click and open rates are above average. But there is still room for improvement, Showroom should focus on encouraging both online audience and customers to become subscribers due to the fact that number of followers have not significantly changed since 2016. Showroom can offer discounts, giveaways, and freebies to customers who subscribe to their newsletter or follow them on social media.

Allocate resources for digital marketing campaigns, influencer partnerships, event planning, staffing, and collection curation. Assign specific budgets, ensuring a balance between promotion, operations, and expansion efforts.

One of the key takeaways from the questionnaire survey is a high willingness of respondents to participate in the art events held at the Showroom. Considering this fact, one art event already took place in February 2024, transforming the Showroom into a gallery for one day. As a pilot event it can be considered a success, leading to planning a series of similar events throughout 2024.

5.7 Internal communication and Technology

The showroom uses a Facebook group for all internal communication. Implementation of Google Workspace is recommended to have all the necessary documents available online.

A strategy is introduced to enhance productivity and effectiveness.

Use a Customer Relationship Management (CRM) System. A CRM system is a software tool that helps businesses manage their interactions with customers, automate sales and marketing tasks, and personalize the customer experience. By implementing a CRM system, the showroom can track customer preferences, purchase history, and communication history, allowing the showroom to personalize its communication and offerings to each customer. For example, the showroom can send personalized email promotions to customers based on their purchase history or offer exclusive deals to loyal customers. A CRM system can help manage and organize customer information, including their purchases, contact information, and preferences. This information can be used to build relationships and improve customer satisfaction. A CRM system can also help track sales, inventory, and orders, making it easier to manage the business. One of the most popular solutions - Salesforce CRM for Small Business costs 1,765 CZK per month.

Implement a Point of Sale (POS) System. A POS system can streamline the sales process, making it easier to manage transactions, inventory, and sales data. A POS system can also help track sales trends and customer behavior, which can be used to make data-driven business decisions. One of the leaders on the market is Dotykacka. Dotykacka Touchpad COMPLETE + Payment terminal + 1 year unlimited license will cost 38102 CZK including VAT. Training should be provided to employees on the software tools being used to ensure they are using them effectively and efficiently.

Regularly collect customer feedback through surveys after events or purchases, and analyze social media sentiment. Monitor the performance of marketing campaigns against set KPIs, allowing for real-time adjustments in strategies. KPIs could include foot traffic and conversion rates in the showroom, social media engagement metrics (likes, shares,

comments), sales figures per collection or event, customer acquisition and retention rates, and the success of sustainability initiatives measured by reduced environmental impact. Adapt the content calendar or event plans based on the success of previous initiatives.

6 Conclusion

To be successful and competitive, a company must have a well-chosen marketing strategy that is responsive to its own needs, those of its customers, and the external environment. This involves defining a clear mission, vision, and goals, and regularly reviewing and updating the strategy to maintain or strengthen the company's position in the market. In the case of Showroom, the company has had a clear mission, vision, and goals from the beginning, and has been focusing on marketing communications lately. However, based on the analysis and research conducted, there are opportunities to improve other areas of marketing. The objective of this thesis was to provide suggestions for a marketing strategy that would enable the company to consolidate its position, attract new customers, increase conversion rates, and ultimately increase profits. This required the identification of individual sub-objectives, through analyses of the external and internal environment, evaluation of the current state of marketing strategy to identify opportunities, threats, strengths, and weaknesses of the brand.

The practical section of the thesis introduces Showroom. Before embarking on marketing planning, the author consulted with Showroom's management to determine their vision, mission, and intentions. The showroom's primary vision is to provide the best place for shopping for local designer brands in Prague. The mission, on the other hand, centers around delivering the best consumer experience and becoming the leader with the aim of increasing financial turnover.

In the PEST analysis, the external factors that had a significant impact on the company, such as the economic and energy crisis, related price hikes, and emerging trends were discussed. The internal analysis utilizing Porter's Five Forces model revealed that the bargaining power of buyers posed the most significant threat. The company was found to be financially stable, and the existing marketing strategy focused on. A SWOT matrix was prepared, along with an extended version of generated strategies, based on the research and analysis results. The author aimed to increase the revenue by attracting new customers and brands and increasing the value for existing customers.

As a result, individual proposals were prepared and presented to improve the company's marketing efforts.

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9 Appendix

Appendix A - Questionnaire

This survey aims to gather insights into consumer preferences, behaviors, and attitudes towards local designer fashion in Prague as part of Master's thesis research.

This survey is anonymous.

In case of any questions please contact xshak010@studenti.czu.cz

How frequently do you purchase fashion items?

- Daily
- Weekly
- Monthly
- Quarterly
- Yearly
- Almost never

Have you purchased anything from the Showroom. or directly from the brands/designers before?

- Yes
- No

Where do you usually buy clothes?

- Online
- Physical stores
- Both
- Neither

How important is it for you to support local designers?

	1	2	3	4	5	
Not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very important

How familiar are you with local designer fashion in Prague?

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What factors influence your decision to buy locally designed fashion? (Please check all which apply)

- Design aesthetics
- Quality
- Sustainability practices
- Uniqueness
- Price
- Other...

Have you attended events or exhibitions showcasing local designer fashion?

- Yes
- No

Have you attended the Showroom. events?

- Yes
- No

How attending an event at a Showroom. influenced your perception of the showroom?

- Positively
- Negatively
- Neutral
- Not attended

What type of events would you be interested to attend?

- Art exhibitions
- Vernissage
- Sales
- Late night shopping
- Other...

How likely are you to attend an art event at a showroom?

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

How influential are social media and influencer endorsements in your fashion choices?

	1	2	3	4	5	
Not influential	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very influential

How did you hear about the Showroom.?

- Social media
- Events and shows
- From our designers
- Influencer marketing
- Website
- Email subscription
- Friends/Family
- Other...

Your age *

- <18
- 18-25
- 26-35
- 36-45
- 46-55
- 56-65
- 65+

Your gender *

- Male
- Female
- Prefer not to say

Are you living in Prague?

- I live in Prague
- I am visiting Prague

Any suggestions or feedback?

Long answer text

Jak často nakupujete módní zboží?

- Denně
- Týdenní
- Měsíčně
- Čtvrtletně
- Ročně
- Téměř nikdy

Kde obvykle nakupujete oblečení?

- Online
- Kamenné obchody
- Obojí
- Ani jedno

Jak důležité je pro vás podporovat místní návrháře?

- | | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Není důležité | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Velmi důležité |

Jak jste obeznámeni s místní značkovou módou v Praze?

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Zakoupili jste již někdy něco v Showroomu nebo přímo od značek/designérů?

Ano

Ne

Jaké faktory ovlivňují vaše rozhodnutí kupovat místní módu? (Zaškrtněte prosím všechny, které se vás týkají)

Estetika designu

Kvalita

Postupy pro udržitelnost

Unikátnost

Cena

Other...

Navštívili jste akce nebo výstavy představující místní módní návrháře?

Ano

Ne

Navštívili jste akce v Showroomu?

Ano

Ne

Jak ovlivnila účast na akci v showroomu vaše vnímání showroomu?

- Pozitivně
- Negativně
- Neutrální
- Neúčastnil se

Jaké akce byste rádi navštívili?

- Výstavy umění
- Vernisáž
- Výprodej
- Noční nákupy
- Other...

Jaká je pravděpodobnost, že navštívíte uměleckou akci v showroomu?

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Jak velký vliv mají při výběru módy sociální média a podpora vlivných osobností?

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Jak jste se o Showroomu dozvěděli?

- Sociální média
- Události a výstavy
- Od našich návrhářů
- Marketing vlivných osobností
- Webové stránky <https://www.showroomdot.cz/>
- Odběr e-mailů
- Other...

Váš věk

- <18
- 18-25
- 26-35
- 36-45
- 46-55
- 56-65
- 65+

Vaše pohlaví

- Muž
- Žena
- Raději neříkat

Žijete v Praze?

- Ano
- Ne

Appendix B - Competitors analysis table

Competitor Name	Price (CZK)	Place	Promotion
Direct competitors			
Kvartýr studio	High (5,000 - 20,000)	City Center	Social Media Ads, Influencer Collaborations
Oneday	Mid-High (3,000 - 10,000)	City Center	Email Marketing, Pop-up Shops
Freshlabels Sustainable Store	Mid-High (3,000 - 10,000)	City Center	Social Media Ads, Sustainable Fashion Events
Charaktery Design Store	High (5,000 - 20,000)	City Center	Pop-up Shops, Personal Styling Services
SmetanaQ Showroom	Mid-High (3,000 - 10,000)	City Center	Influencer Collaborations, Fashion Events
LEEDA	Mid-High (3,000 - 10,000)	City Center	Personal Styling Services, Blogging
100CLASS	Mid-High (3,000 - 10,000)	City Center	Personal Styling Services, Fashion Events
LAFORMELA	High (5,000 - 20,000)	City Center	Influencer Collaborations, Fashion Events
Chatty	High (5,000 - 30,000)	City Center	Seasonal Sales, Email Marketing
Zuzana Kubičková Studio	High (5,000 - 20,000)	City Center	Personal Styling Services, Fashion Events
VIDDA	Mid (1,000 - 3,000)	City Center	Pop-up Shops, Fashion Events
harddecore	Mid (1,000 - 3,000)	City Center	Influencer Collaborations, Seasonal Sales
Sisters conspiracy	High (5,000 - 20,000)	City Center	Personal Styling Services, Fashion Events
Backyard	Mid-High (3,000 - 10,000)	City Center	Seasonal Sales, Pop-up Shops
Indirect competitors			
Zara	Mid (1,000 - 5,000)	Shopping Centers	TV Ads, Seasonal Sales
CZECHDESIGN Shop	Mid-High (3,000 - 10,000)	City Center	
Zalando	Mid (1,000 - 4,000)	Online	Social Media Ads, Email Marketing
ZOOT	Mid (1,000 - 4,000)	Shopping Centers and Online	Social Media Ads, Seasonal Sales
About You	Mid (1,000 - 4,000)	Online	Social Media Ads, Influencer Collaborations
SSENSE	High (5,000 - 20,000)	Online	Influencer Collaborations, Seasonal Sales
Farfetch	High (5,000 - 20,000+)	Online	Email Marketing, Personal Styling Services
COS	High (5,000 - 20,000)	Shopping Centers	Fashion Events, Email Marketing
1981 Secondhand	Low-Mid (500 - 3,000)	Online	Social Media Ads, Sustainable Fashion
THE VINTAGE PRAGUE	Low-Mid (500 - 3,000)	City Center	Social Media Ads, Vintage Fashion
ALMO vintage	Low-Mid (500 - 3,000)	Online	Social Media Ads, Vintage Fashion
Leepa.store	Low-Mid (500 - 3,000)	Online	Social Media Ads, Handmade Fashion
Etsy	Low-Mid (500 - 3,000)	Online	Social Media Ads, Handmade Fashion
Not just a label	High (5,000 - 20,000)	Online	Fashion Events, Email Marketing

Source: own calculations

Appendix C – Competitors’ social media statistics

Competitor Name	Instagram Followers	Facebook Likes	Pinterest Followers
Direct competitors			
Kvartýr studio	3300	1300	0
Oneday	3800	0	0
Freshlabels Sustainable Store	39200	70000	50
Charaktery Design Store	3000	1100	0
SmetanaQ Showroom	2200	981	787
LEEDA	8400	8600	97
100CLASS	2700	2100	20
LAFORMELA	11900	5000	122
Chatty	9100	4800	51
Zuzana Kubičková Studio	10500	5100	0
VIDDA	7900	7200	0
harddecore	2700	8500	104
Sisters conspiracy	2700	2000	5
Backyard	2900	4300	0
Indirect competitors			
Zara	57300000	30000000	1600000
CZECHDESIGN Shop	43600	56000	880
Zalando	1900000	8500000	24300
ZOOT	90000	231000	245
About You	179000	1700000	55000
SSENSE	1100000	846000	366200
Farfetch	4600000	2900000	604000
COS	2900000	663000	225200
1981 Secondhand	32000	8800	88
THE VINTAGE PRAGUE	3600	133	0
ALMO vintage	20600	819	0
Leepa.store	2400	3100	
Etsy	3000000	4500000	5000000
Not just a label	189000	87000	76900

Source: own calculations