

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Diploma Thesis

**B2B customer loyalty – factors affecting customer
loyalty in the food supply industry**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

B2B customer loyalty – factors affecting customer loyalty in the food supply industry

Objectives of thesis

The main purpose of this thesis is to investigate factors influencing B2B customer's loyalty in food supply industry. The aim of the research presented in this thesis is to find out key factors of customer's loyalty and measure correlation between these factors and real loyalty of the customer. Once the most important factors of customer's loyalty will be determined, some recommendations to increase the level of customer's loyalty will be suggested.

Methodology

The main methodology used in this thesis is qualitative approach. Both face to face and electronic questionnaires will be used in order to receive precise data. Majority of presented data will be obtained from face to face questionnaires with customers. Electronic surveys will be distributed to customers located further from Prague, where it's impossible or very difficult to make a face to face meeting.

The proposed extent of the thesis

60 – 80 pages

Keywords

loyalty, B2B, customer, food, food supply, purchase

Recommended information sources

Customer Loyalty: How to Earn It, How to Keep It (Jill Griffin)

Harvard Business Review on Increasing Customer Loyalty

"I Love You More Than My Dog": Five Decisions That Drive Extreme Customer Loyalty in Good Times and Bad (Jeanne Bliss)

Loyalty Myths: Hyped Strategies That Will Put You Out of Business and Proven Tactics That Really Work (Timothy L. Keiningham)

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Declaration

I declare that I have worked on my diploma thesis titled "B2B customer loyalty – factors affecting customer loyalty in the food supply industry" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 29th March 2017

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B2B customer loyalty – factors affecting customer loyalty in the food supply industry

Summary

This diploma thesis is focused on customer's loyalty in the food supply industry and especially on factors, that might influence it. Thesis was done in cooperation with the biggest czech foodservice company – Bidfood Czech Republic. Diploma thesis consists of two parts, theoretical and practical, where student's own contribution, research and its results are presented.

The key aim of literature review is to provide an overview of czech gastronomic market, demonstrate how does the market work and what are the most often used factors for maintaining and increasing customer's loyalty. All information provided in the literature review should help to understand the research and especially its results presented in the next chapter.

Practical part is dedicated to research and its results. Research was done via one hundred and twenty personal visits of various restaurants, in order to investigate, which factors are among the most important for chefs working in czech gastronomy. All answers received during the research were properly processed and evaluated and final recommendations related to maintaining and increasing customer's loyalty for Bidfood Czech Republic were proposed.

Keywords: customer, supplier, loyalty, foodstuff, food supply, B2B, purchase, sales representative, business relationship

Loajalita zákazníka v B2B – faktory ovlivňující loajalitu zákazníka v gastronomii

Souhrn

Diplomová práce se věnuje tématu loajality zákazníka v gastronomii a především pak faktorům, které zákaznickou loajalitu v této oblasti ovlivňují. Práce byla vypracována ve spolupráci s největším tuzemským dodavatelem potravin – firmou Bidfood Česká republika. Diplomová práce se skládá ze dvou základních částí, teoretické a praktické, která se věnuje vlastnímu přínosu, především pak výzkumu a jeho výsledkům.

Literární rešerše má za cíl poskytnout přehled o českém gastronomickém trhu, ukázat, jak trh funguje a představit faktory, které nejčastěji formují loajalitu zákazníků. Všechny uvedené informace by měly posloužit pro lepší pochopení závěrečné části této práce týkající se výzkumu a jeho výsledků.

Praktická část je věnována výzkumu a jeho výsledkům. Výzkum byl proveden pomocí osobních návštěv s dotazníkovým šetřením na vzorku sto dvaceti restaurací a diskusí s šéfkuchaři pracující v české gastronomii. Získané odpovědi byly řádně zpracovány a vyhodnoceny. Na základě provedeného výzkumu bylo zformováno několik doporučení pro firmu Bidfood Česká republika týkající se udržení a zvýšení zákaznické loajality.

Klíčová slova: zákazník, dodavatel, loajalita, potraviny, rozvoz potravin, B2B, nákup, obchodní zástupce, obchodní vztah

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1. Introduction

Gastronomic business has a really long history. Last decades brought interesting trends. First one is called franchise, which is getting very popular and it might be very convenient and practical for foodservice industry. Let's see an example of McDonald's. Being the only french fries supplier for such a big company is a dream comes true for every french fries producer as well as for supplier of this foodstuff. Second trend is globalization. Thanks to still more and more connected world can for example czech customers experience various cuisines from all over the world such as italian, french or japanese without travelling to these countries.

DANI claims *“food supply chains are the lifeline for human existence on the planet. Time and time again, history has shown that wars have been lost and won by controlling food supply chains.”* [11] Based on this example, Czech Republic and its market isn't an exception in this case. SETHI adds *“continuity of supply as a factor of critical importance for minimizing or eliminating disruption in food production activities.”* [27]

Competition is generally increasing in most of businesses (with exception of some protected industries such as czech market with mobile operators), therefore this situation requires strong customer's loyalty, which applies also for the food supply industry all over the world. Customer's loyalty in food service business is changing and it is shaped by various factors as well as the whole business. DANI says *“the food sector is a very complex environment influenced by industrial, technological, economic, social and political factors that shape the availability of food, the nature of the food product and the delivery of the food to our plates.”* [11]

1.1. Customer's loyalty nowadays

As it was mentioned earlier in introduction, customer's loyalty is getting still more important for all businesses all over the world. Increasing competition was already mentioned and quality of products is very often pretty much the same as well as prices, so customer's loyalty to specific brand or product is slowly becoming the decisive factor.

SZWARC defines basic attributes of customer's loyalty as:

- number of positive word of mouth references
- repeated purchases
- purchase of different products (purchase is wider in terms of number of bought goods)
- situation, when the size of the purchase is generally increasing
- customer retention is higher than defection [30]

It is generally believed, all of mentioned factors define customer's loyalty in our everyday life. More general definition by PHILLIPS says it is "*the support that people give to a particular brand by continuing to buy it rather than changing to a product made by another company.*" [22]

Customer's loyalty is important also in terms of spent costs. Money required for attracting or acquiring new customer versus retaining old one differs a lot and it's impossible to say exact number. But it's generally accepted acquiring new customer costs between 4 - 10 times more than retaining already existing customer. This number varies from the industry that should be examined. Car industry could be an example of very expensive one in case of getting new customers, since advertisements with cars are generally considered as expensive. On the other hand, to acquire new readers for any magazine or newspaper shouldn't be that difficult and expensive at the same time if compared to already mentioned car industry. But since this thesis is focused on food service industry, let's take a look, how expensive is to acquire new customer in this sector. [26]

Despite the fact, attracting or acquiring new customers is more expensive SALEH claims "*44% of companies have a greater focus on acquisition of new customers than versus 18% that focus on retention.*" [26]

Money spent is just one side of this issue. Let's take a look at the other side. Costs spent on customer's retention will sometimes appear in increased profits. And the increase is really significant. Retention increased by 5% can cause higher profits between 25 - 95%. [16]

Current condition of any company, might be described by connection between existing customers, rule 20:80 and current profits. In a nutshell, only one fifth of existing customers makes 80% of company's profits. [16]

HINGLEY describes customer's satisfaction in a very simple way with quotation of one customer: *"The key suppliers we work with, we are in good relationships with. They work very well and provide us with what we require. Our relationships with them are about discussions, discussing prices and volumes."* [12]

1.2. Specifics of customer's loyalty in B2B

Most of the people are familiar with business model called business to customer (B2C), because every human being on this planet is a part of this business approach during our everyday lives. But business to business (with shortcut B2B) which is examined in this thesis has some specifics, that will be mentioned in this chapter.

First of all, target group is much smaller in case of B2B. Merchant, who sells computers (like one of the most successful czech companies called Alza) has theoretically more than 8 million customers, since that's the adult population of Czech Republic). On the other hand, food supplier is limited not by population, but by total number of restaurants in Czech Republic. At the beginning of 2016, there were around 36 500 restaurants in Czech Republic, therefore as it was mentioned and showed on example earlier, total amount of customers is much lower in B2B than in B2C. This fact might be considered as great, because every company knows its target group very well and the chance that something might be overlooked is generally very low. On the other hand, all other companies in role of competitors are in the very same position. [13] [15]

Sometimes, there might appear direct contact between producer and customer, which is almost impossible in B2C. It is not possible to meet the producer, if any person wants to buy for example an iPhone, since the producer lives somewhere far away in China. Let's move back to B2B and prove that this claim is correct. Bidfood is not only the biggest czech food supplier, but also the biggest producer of czech ice cream. Therefore, if any restaurant buys ice cream from Bidfood, the restaurant is in direct contact with producer of purchased good, ice cream in this case.

The contact in B2B is very often more personal, which is very closely connected to smaller and less numerous target group mentioned earlier in this chapter. Business relationships are very often on long - term basis and sometimes become very personal (sales representative meets with his customers twice a year for an informal beer, etc.). Long - term basis is usually demanded from both sides. It would be very uncomfortable for any restaurant to switch between let's suppose poultry suppliers every week. On the other hand, long - term relation is very convenient for food supplier, because of guaranteed sales every week/month, etc. But such a good relation between seller and buyer requires a lot of cultivating, for example invested time, formal presentation of seller's proposal and multiple calls to different persons from the company and finally several face to face meetings to confirm the final contract. There are also more people, who can finally decide not to confirm the deal in comparison to B2C, where it is only up to only one customer if the product will be sold or not.

Relation between supplier and its customer is also more partnership oriented than in B2C. Let's take a look at example with french fries. Customer (restaurant) has to buy 10 kg of french fries first in order to receive another 2 kg for free. In other words, both sides of this transaction have to contribute somehow. That is not so common (but not impossible) in B2C, where customer can get product with some discount without any previous contribution.

SETHI claims "a good image will enable valuable information to be received from suppliers on new products, cheaper substitutes, new market ideas or materials that could lower costs or improve products for the customer. Besides this, the organization will experience less difficulty in procuring foods during periods of short supply or getting a price advantage during seasons of glut from loyal suppliers." [27]

Loyalty programmes differ as well. In case of B2C, customers are looking for more personal advantages (like T-shirts, chance to win a vacation, discount for next purchase). Customers in B2B are looking for more professional advantages. One example from food service industry - professional advantages might be cooking classes focused on different cuisines (italian, japanese, french, etc.) or discount for new cooking equipment, basically something, that will be further used in cooking process of the chef. Bidfood has in this area its own event called Bidfood Tour, which is a massive food exhibition plus various cooking classes. Free entry for this event might be considered as a nice professional advantage.

More knowledge from sales representative is also required in order to keep the long - term relation with customer. When customer purchasing in B2C environment wants to buy a fish, he or she might be influenced by the price, composition of the good, country of origin or colour of the package. But in B2B, customer (chef of the restaurant) takes in consideration additional criterias like quality of the good, how easy and comfortable is to cook it. There is also a huge interest in dealer's experiences with specific good. [9]

Business to business sometimes contains clashes between partners and foodservice business isn't an exception. But there are two different attitudes, how to solve such clashes in this industry. If the dispute occurs between food supplier and supermarket (on the side of the customer) one of the tools, how to overcome the discrepancy might be legislative. HINGLEY mentions example related to the treatment of suppliers to supermarkets in UK. *“As a result code of practice has been drawn up by the Director General of Fair Trading in the UK to which most leading UK food retailers have agreed to comply.”* [12]

If a dispute occurs in the area more related to this thesis (food supply company and chef of particular restaurant), it is in most of the cases related to delayed payments. Such a situation is solved by many parties including the company itself, sales representative, customer and company, that will exact demanded money from the customer or debtor in other words. [15] But each case has to be solved individually in comparison to the first example from UK.

2. Aims of the thesis and methodology

This thesis has three key objectives, that would be described in this chapter.

First of all, the detailed overview of gastronomic market in Czech Republic will be provided. It is something what is very often overlooked by general public. But gastronomic market is one of the most important markets of our economy, since it is used by every single person on a daily basis.

Second aim is more related to topic of this thesis. Customer's loyalty will be described in general according to vocational literature and factors influencing it will be properly examined and evaluated.

Once the research will be finished, recommendations for Bidfood Czech Republic will be proposed in order to keep and increase customer's loyalty.

2.1. Formation of hypotheses

Based on mentioned objectives, seven hypotheses were created and examined during the research.

- H1: There is a negative (inverse) relation between price level of the restaurant and its dependency on **price** of purchased goods.
- H2: There is a positive relation between price level of the restaurant and **quality** of purchased goods.
- H3: There is a positive relation between price level of the restaurant and requirements on **range of offered goods**.
- H4: There is a positive relation between price level of the restaurant and requirements on reliable **sales representative**.
- H5: There is a negative (inverse) relation between price level of the restaurant and **choices of supply**.
- H6: There is a positive relation between price level of the restaurant and using of **eshop**.
- H7: There is a positive relation between price level of the restaurant and visit of **Bidfood Tour**.

2.2. Methodology

Several methodological tools were used in this thesis. First of all, study of professional literature was done in order to get necessary knowledge and facts about the customer's loyalty in B2B area. Since this thesis was written in cooperation with the company called Bidfood Czech Republic, several face to face meetings with sales managers, dealers and other employees of this company were held.

In order to obtain perfect information about the market, practical part consisted of 120 visits of various restaurants and face to face interviews with chefs or owners of visited restaurants. Market segmentation was used for division of all visited restaurants. First segmentation was related to geographical location, restaurants were divided according to examined regions (Pilsen and Prague). Three price categories were created in each region according to average price of ten main dishes on the menu. Price categories in Pilsen were: < 100 CZK, 101 - 199 CZK, > 200 CZK per main dish and price categories in Prague were: < 200 CZK, 201 – 399 CZK and > 400 CZK per main dish.

Each visit consisted of an interview with chef or owner of the gastronomic business. There was a short introduction done by sales representative and brief interview with 10 questions, which took about 10 minutes followed. If possible, further discussion followed once the formal part of the interview ended.

Finally, all questionnaires were evaluated. First method used for evaluation was point method. Every answer obtained during the interview received exact number of points (0 – 10, where ten represents top priority related to for example price). In other words, the more points every answer got, the more important the factor for chef or owner was. All points for each factor were added, so they created final score for each factor in its own price category in order to demonstrate, how important is this particular factor for all visited restaurants in each price category.

Second method used in practical part was quantile of distributive function. The aim was to investigate, how many percent of visited chefs rated particular factor with eight points and more, in other words how many percent of visited chefs considered particular factor as at least very important or the most important.

Results of both methods were processed using Microsoft Word and Excel 2016.

2.3. Limits of the research

Every scientific research has a certain limits. This chapter provides only the most visible limits of the research performed as a practical part of this diploma thesis. It is very well understood, professionals from different disciplines may find another limits related to this research.

- Insufficient sample

One hundred and twenty restaurants were visited during the research in two regions of Czech Republic (Pilsen and Prague). This amount was chosen because of limited time and limited availability of Bidfood's sales representatives. Amount of visited places isn't representative enough, therefore any results coming from the research can't be generalized for the whole Czech Republic nor for the two examined regions.

Areas of research are neighbouring and living standards are very similar, therefore, huge differences shouldn't be expected as in the case of two totally different regions (eg. Prague and very poor area around Most, etc.)

- Atmosphere during the visit

Visits were in most cases agreed by the chef or owner in advance, but anyway sometimes there wasn't enough time for proper discussion (interviewed person was too busy), therefore results from interviewees might be influenced.

Presence of the sales representative wasn't always very helpful, because chef was too afraid to talk honestly in front of him or her. This limit was eliminated after first few visits, but it wasn't possible to exclude the dealer in all cases.

Unfortunately honest answers can't be guaranteed in 100% of obtained answers, simply because every restaurant wants to look better in public view especially in case of concern about the price and quality.

- Few price categories

During the market segmentation, three price categories were created for each region (according to average price of ten main dishes on the menu). Price ranges might be too wide, various restaurants with different priorities (survive internal crisis, impress customers, etc.) might be put into one category, which can affect the final results.

3. Literature review

3.1. Loyalty theories and significance of maintaining customer's loyalty

According to SINCAVAGE customer satisfaction is how customers view an organization's products or services in light of their experiences with that organization (or product) as well as by comparison with what they have heard or seen about other companies or organizations. [28]

According to SETHI, *“a supplier feels a sense of loyalty to the organisation if he sees justice, honesty of dealing and not a sense of exploitation through corruption and bribery. In the latter case the situation is a liability in the long run and the organisation cannot survive.”* [27]

But there might be different views on customer's loyalty, since not every situation, where loyalty can be measured is always the same. If there would be only one supplier of fresh fish in Czech Republic, all customers buying fish from this company might be considered as loyal, but in fact they represent something, what might be called captive customers. In other words, they don't have any other chance, how to get, what they demand. Second example shows real loyalty. There are hundreds of different coffee shops in the center of Prague, but if someone on its way to work every morning stops and buys a coffee in the very same coffee shop, because of good price versus quality ratio, nice and friendly stuff, this customer can be also considered as a loyal. [23]

Both customers in examples mentioned above were considered as loyal. But there is a huge difference in case of number of options, that are available for customer. As SINCAVAGE points out the risk of losing the customer increases as customer frustration grows, and as number of suppliers increases and the ease of switching supplier becomes easier. [28]

Every customer represents cost and profit at the same time for the company. But the importance of cost and profit isn't the same. Actually, it depends on the degree of loyalty.

In a nutshell, it is more expensive to acquire a new customer, than to keep an existing one. According to SINCAVAGE *“it pays to know that retaining customers costs businesses up to five times less than getting new ones. In the B2B space, where the cost of the contracts*

are significantly higher than in B2C, the impact of retaining customers is even more pronounced.” [27] NEELY claims “increasing customer retention rates by 5% increases profits by 25% to 95%.” [19]

Once new customers are acquired, it takes more time to teach them all the necessities related to trade relation and once the trade relation will start working, there will be some troubles in the beginnings for sure. Everything described above will take time, that might be invested somewhere else (eg. visiting old customers, accepting their orders and ensuring everything works fine). Therefore, retaining current customers is considered as very important and gets high priority in the nowadays businesses. [28]

Businesses are not separated units and owners or chefs in case of this thesis usually in a small city (or in particular district of the city) know each other. Therefore it is important not to underestimate word of mouth references especially in gastronomic business, where people often ask their friends, where to go for a nice dinner in particular district of the city and recommendation from friends plays an important role during selection of the restaurant. Another example from gastronomic business comes from the other side, where owner or chef of the restaurant will see on its competitor’s menu new exclusive foodstuff, that is very difficult to obtain anywhere on the market. After brief discussion, contact to supplier might be handed over and that is a potential new customer for the food supply company. [14]

Another aspect of word of mouth references is an online world with dozens websites and discussion forums focusing on rating of restaurants. It is not just about word of mouth references anymore, but it will be more about online comments and references in the future. In general both word of mouth and online references can influence company’s profits in an unimaginable way. SINCAVAGE mentions *“The New York Times that reported that 65 percent of new business come from referrals.” [27]* Another aspect mentioned by this author is related to customers’ education. SINCAVAGE claims: *“The more educated your customers are about your product, the quicker and better they can advocate for your company.” [28]*

According to SINCAVAGE, there is a difference between “satisfied” customers and “loyal” customers. They contribute to company profitability in a different ways. [28]

Customers, who are considered as satisfied, are keen to spread positive feelings related to the company's products or services. People simply like to talk about positive experiences. It makes some people happy, when they can help others by recommending some kind of product or service, that would help them. Positive word of mouth references are something every company wishes for, but it is not easy to get into this situation and keep this state for a long time. Satisfied customers might be also seen as fans of a sport's club or music group. Despite it is not easy to obtain them in a business, some companies did it successfully (Apple, Google, etc.) Example of czech restaurant with great word of mouth references might be Cafe Imperial with its chef Zdenek Pohlreich. It is necessary to mention, great references are in this case a little bit supported by Pohlreich's popular TV show.

Back to the customers division. Second term was about loyal customers. VONDRÁČEK claims, they are more profitable, because they are more likely to buy additional products, often without shopping around for the best price. [15]

People, who don't care that much about price are usually customers with very limited free time (eg. busy people like managers, directors, etc.). It is not that easy to find such a people in gastronomic business among chefs and owners, since so called shopping around and looking for the best price is not that complicated, simply because the supply side is not too wide. So, in some cases (eg. exotic fresh fish like Parrot fish), there are two or three options, where customer can buy the good, so checking the prices won't take so much time.

Based on facts mentioned above, it is very complicated to distinguish, if customers in foodservice business are more satisfied or loyal.

What is actual threat is a situation when any customer becomes dissatisfied with products or services of particular company. Such an unpleasant situation is a real cost to any company, because process of improving reputation always costs at least time and most usually money as well. Unfortunately, it is also very common in today's society to complain about everything as often as possible, which makes this situation even more complicated. Even if the problem is solved as fast as possible, people sometimes forget about that and will spread only the bad experience and not the whole story with happy end. [23] [28]

Example of such a situation from foodservice business is related to horse meat that was found in lasagne distributed by Bidfood. Media and customers didn't lose time, spread

panic and bad news, even if the problem wasn't on Bidfood's side (but on the supplier's side from France). Because of word of mouth references, it is possible to hear the connection between this problem and Bidfood nowadays, which is almost 4 years since the case happened. [14]

3.2. Czech gastronomic market

Foodservice industry all over the world is commonly considered as relatively stable. One of the most mentioned arguments is one saying people will always have to eat. In other words, the food consumption should be always stable in the future. But despite this certainty, food service industry faces changes as all other industries all over the world.

Successful entering of foodservice business is considered as very complicated because of so called barriers of entrance (eg. a lot of money and special sanitary permissions related to foodservice required, etc.). So current players on czech market don't have to be so much afraid of new competitors from Czech Republic. Last 20 years were affected by two key events. First one happened in 2004, when Czech Republic entered European Union, reached common european market and czech foodservice market completely opened up to various foreign competitors as well.

Despite the above mentioned claim about continuous necessity to eat, world and later on czech market too was hit by financial crisis during 2008 and 2009. KOPECKÝ points out situation, where people were afraid of future, so they didn't go to restaurants so often as before the crisis. Consequences of the financial crisis for foodservice business were various. Some customers bought less products (because less customers visited their places), some of them bought cheaper ones (since they had to change their menus) and some of them didn't survive at all and simply bankrupted. [23]

Customer in this diploma thesis isn't represented by a single physical person, but by a restaurant, pub or any other gastronomical business. PHILLIPS would then describe the customer as *"a place, where you can eat a meal or as a place where people go to buy and drink alcohol that also often serves food"*. [22] This place is then of course represented by owner, chef or manager.

Despite, it is very complicated to determine exact number of gastronomic businesses in Czech Republic, KOPECKÝ claims, the total number is around 36 500. This number can be further divided into two basic categories: canteens (approx. 6 500) and regular restaurants (approx. 30 000). [23]

Another statistics related to this issue is electronic evidence of takings (EET), which is mandatory in Czech Republic since 1st December 2016 for accommodation and gastronomic businesses. CZECH PRESS OFFICE published data about EET, where it is possible to see more than 45 000 businesses using EET system. It has to be considered, not all accommodation businesses have a place where to eat, therefore the first mentioned number of 36 500 gastronomic businesses might be correct. [10]

But BENÍČKOVÁ and VANČURA claim total number will be somewhere around 40 000 based on the research done for Ministry of local development between 2013 and 2014. [8]

All of these businesses demand one common thing every day and that is the availability of food at the right time, right quality and right quantity. [11] There are other similarities connecting gastronomic businesses such as attitude towards food purchase. This process is crucial for cooking and serving dishes, customers will be happy for. All chefs have to deal with one disadvantage. They don't have a chance to see the quality of foodstuff they order in most of the cases. Trust in food supplier comes into the game in this moment, since nobody has time to visit various shops in order to check the quality of demanded goods. [27]

Bidfood can be seen as the leader of czech gastronomic market, since out of 6 500 canteens, Bidfood serves around 77% of the market (5 000 canteens) and in case of restaurants Bidfood serves approximately 70% of the market (21 000 restaurants). Total share of Bidffod on czech gastronomic market is approximately 71.2% (26 000 customers in total). [23] It is important to mention, that if Bidfood has a customer, there might be another suppliers, who will supply its own products to that place and will count it as their own customer in their statistics. Exclusivity in food supply is very rare, since high dependency on one supplier is considered as very risky.

There are around 6 500 various canteens (school, related to large factories, etc.). Foodservice business works differently in this area. In a nutshell, business in all canteens is highly influenced (in other words regulated) by czech Ministry of education, youth and sport

especially by maximum price of one meal and also by its composition. Job of sales representative, whose customers are canteens is also very different. Each visit takes approximately three times more time than the visit of regular restaurants (so it can take from 45 minutes to 90 minutes), since people responsible for canteens are so talkative and they really like to take care about the sales representative, therefore coffee or tea is a must and further snack in form of cookie or cake is always present during the meeting. On the other hand, people from school canteens require a lot of presents as a value of their loyalty. There are two different options related to gifts. First one is about official loyalty programme created for school canteens and second is more about t-shirts, calendars, diaries and other stuff distributed by sale representatives especially before Christmas time. [23] [15] [14] Based on mentioned facts focus of this thesis is related only to regular restaurants.

There are several key players on czech gastronomic market. Bidfood Czech Republic (with former names Bidvest and Nowaco) is the biggest czech food supplier at the moment and is followed by others that would be also introduced in this chapter.

3.2.1. Nowaco - Bidvest - Bidfood

Bidfood (Nowaco at that time) was established in February 1992 as a branch company of Nowaco Denmark. Apart from supplies of various foodstuff, Nowaco focused on ice-cream production, meat and fish processing until 2008. Year after was a milestone for Nowaco, since Bidvest (second largest food supplier in the world) entered to Nowaco as a strategic partner (paid 250 000 000 Euro) and company soon changed its name to Bidvest Czech Republic. Company continued its development by opening two new factories (Bagetier for production of frozen bread and pastries, and Petron for processing of wild animals such as deer). Finally, all Bidvest's food divisions all over the world were separated and renamed. Bidvest Czech Republic changed its name on 1st January 2017 to Bidfood Czech Republic. [17]

3.2.2. Makro

History of one of the key rivals on the czech market is much longer. Makro is a part of large group called Metro. First Metro stores were open in 1964 in Germany. First expansions followed into Netherlands, Belgium and France. In 1980's Metro Cash&Carry stores were

one of the first ones in Germany who systematically managed its inventory electronically. Metro expanded to Czech Republic in 1997 with Makro stores, that were all integrated into Metro Cash&Carry organisation. Since that time, Makro developed thirteen wholesale centers in Czech Republic. All of them have total area around 15 000 m² with total sale area around 9 700 m². There are four exceptions, namely Prague - center Černý Most (8 500m²), Pilsen (6 500m²), Zlín and Liberec (6000m²). [1] [2]

Classic style of Cash&Carry, which means pay in cash and take it with you was extended by Makro distribution service in 2008. This has to be understood as a huge competition for Bidfood, because until 2008 (at times without Makro distribution), people who wanted to buy something from Makro, they had to travel to their stores by cars and invest a lot of time and money. Makro distribution changed it and can save time and money of its customers, although deliveries are not always perfect, as it will be described in the last chapter.

3.2.3. CIPA

Another competitor called CIPA is a czech company that was founded in 1992. This foodservice company doesn't have the Cash&Carry concept as Makro mentioned earlier, therefore it works on the similar basis as Bidfood, although CIPA is much smaller company and this is considered as the key limit in the foodservice business. Just a little comparison, Bidfood has around 400 cars for reliable food distribution and according to ANONYMOUS C "*company has only 25 cars appointed for food distribution around Czech Republic and Slovakia.*" [3] On the other hand, smaller companies in foodservice business don't have to care about minimal amount of order and one of advantages might be the package of the delivery (they're able to deliver one piece or one kilogram of specific good). Larger companies like Bidfood and Makro have the minimal amount set for every order (in order to be as efficient a possible) and there is a minimal amount of specific good eg. ten kilograms, that has to be followed. [3]

3.2.4. JIP

Another smaller competitor from Czech Republic was founded in 1994. Company focused from the beginning on wholesale business, but management decided to build also retail stores soon. The situation with retail stores looked pretty well, until experienced foreign retail

stores entered czech market and JIP decided to pay 100% of its attention to wholesale business during 1998. Since 1st July 2009, JIP can offer another benefit for its customers, because it opened its own Cash&Carry store in Brno. [4]

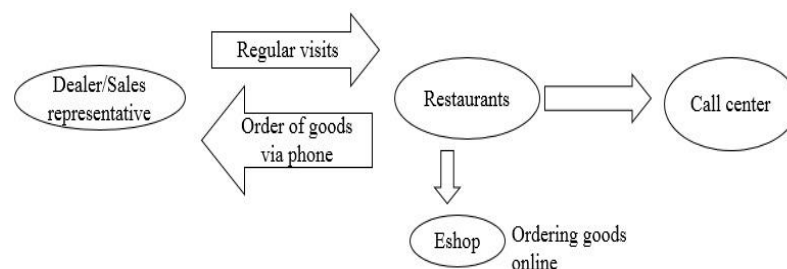
3.2.5. Fany Gatroservis

Fany started its business as a very small retail chain during 1990's. During 1992 company opened first depot located in Prague and focused on wholesale food supply business. Since the end of 2006, Fany uses new modern depot and according to its website cooperates with more than 1 900 gastronomic businesses located in the capital and its neighbourhood. [5]

3.3. How does the market work?

Every market has some specific rules that differentiate it from other markets and gastronomic market is not an exception. Picture number 1 shows, how does the czech gastronomic market work in case of Bidfood. Described process is similar for all czech food supply companies. Whole process as well as key details will be described more in detail in this chapter.

Picture number 1: How does the czech gastronomic market work



Source: own work

Every customer (restaurant) has its own sales representative. If the customer wants to order any kind of foodstuff, in other words purchase goods, there are basically four options. SETHI defines “*food purchasing as act of buying materials of the right quality in the right quantity,*

at the right time, at the right price, from the right source with its delivery at the right place.”
[27]

First option and also the most commonly used is via mobile phone. The only thing customer has to do is to call to the sales representative and tell him or her what restaurant demands and for which day is the foodstuff needed.

Second option is also related to mobile phone but in a different way. Customers can call to the call center, where operator answers the phone and accepts the order. If the dealer is not available because of meeting, vacation or other reasons, call is immediately forwarded to the call center. It is important to mention, that every sales representative has its own operator, who is very often introduced to chefs/owners, so they know, who will be talking to, if their call will be forwarder to the call center.

Third option is related to the eshop, that was introduced by Bidfood in 2011, and nowadays more than 2 000 orders are accepted every day. Eshop for ordering foodstuff isn't something special in foodservice business, since all competitors mentioned earlier in this chapter have their own solutions for ordering goods online.

Last and not that common option is to order goods during regular visit of sales representative. Each dealer can visit approximately 5 - 8 restaurants every day, so ordering goods only during visit of the dealer would mean ordering once a month. It means, that if a dealer visits the place, chef or owner takes an advantage of his presence and makes order immediately. Some time can be saved, because there shouldn't be any call to dealer that day anymore.

Delivery of the order depends on the time, until the delivery is made. This system also varies from the area of czech market, where the final customer is located. There are different conditions between Prague, Pilsen and the rest of Czech Republic.

Prague can logically offer the most frequent deliveries, which means delivery four times a day. If the order is finished and sent for example until 18:00 on Monday, customer can expect the car with foodstuff he or she ordered between 5:00 and 14:00 on Tuesday. If the order is made after 18:00 on Monday but until 11:30 on Tuesday, foodstuff will arrive between 14:30 and 19:00 on Tuesday. If the order is made until 16:00 no matter what the day is, food will be delivered between 17:30 and 21:00 on the same day. [15] [23]

3.4. Tools for maintaining and increasing customer's satisfaction

As it was already mentioned in this thesis, loyalty is something, what has to be maintained and improved all the time in case of gastronomic business usually by sales representative. There are various tools created for this purpose, some of them are more related to personal skills, some of them are more related to technology. Fourteen important tools will be mentioned in this chapter. But before the tools for managing customer's loyalty will be introduced, HINGLEY points out "*customers choose suppliers on the level of commitment they demonstrate and on the quality and price of products that they offer.*" [12] This claim combines various tools, that will be described in this chapter.

3.4.1. Sales representative

Sales representative or also so called dealer is a person, who plays role of a middleman between the foodservice company and the final customer. Sales representatives might be perceived as soldiers on the battlefield, since it is their task to sell as much as possible. Company's performance highly depends on them. In other words, company can have the best product, but if the dealers are unable to sell it, expected win might never come.

As SINCAVAGE points out: "*if employees are not treated well, you can be fairly certain, that the message will get through to customers. It can also be very costly to the organization.*" [28]

In case dealers will be treated in a wrong way, they might become less keen to believe and sell products of the company they represent and work for. And since their daily job is to meet customers in restaurants, these complaints can be made publicly, which is a huge and priceless threat related to negative word of mouth references, that can be spread very quickly. [14] [15]

Reliable and nice sales representative is highly connected with another loyalty tool, which would be described here and that is a regular visit of the customer.

3.4.2. Regular visits

Each sales representative is responsible for 80 to 100 customers and he or she has to take care about all of them equally if possible. It is crucial to mention, that customers are various people with different needs, so some of them want to see the dealer every month, but some customers don't need (or in some cases don't want) to see the representative of the company at all (until everything is working properly). KOPECKÝ claims that "*it is very important to recognize, which customer will demand what kind of cooperation in terms of regular visits.*" [23]

It might happen very easily, that the dealer will underestimate the situation, there won't be any visit for almost half of the year and sales to specific restaurant will be gradually decreasing. Once the sales representative will show up in the restaurant, it will be obvious, it is too late, since there is already some other company, who replaced Bidfood with food supplies in this case. So, safety visits are very recommended in this case, although they take some time, which might be logically perceived as opportunity cost. Another reason, why it's recommended to perform so called safety visits is described by NEELY, where she claims there are about 26 more unhappy customers, who just never spoke up versus one customer, who will be able to complain. This number should be as low as possible and safety visits can achieve that more than anonymous survey motivated by discount for next order as this author suggests. According to NEELY, angry customer should be seen as a gift, if there is a good level of mutual understanding between sales representative and final customer. Dealer should see complaint as an opportunity to improve quality of offered service not as a general threat. [19]

One hundred and twenty visits were performed with various sales representatives during practical part of this thesis, therefore brief overview of regular visit will be described now.

If the visit is regular (in other words not the first one), it is set up in advance by mobile phone. Time of the meeting is limited by lunchtime and time for serving dinners, therefore meeting usually takes place between 9 a.m. and 11 a.m. or after lunchtime in the afternoon (after 2 p.m.). [14] Different chefs want to talk about different topics, some of them are keen to discuss their weekends' experiences, some of them want to discuss results of their favourite sport's club and there are also some chefs, who like to complain all the time about everything. Detailed results about the importance of these meetings and about necessity to

have a reliable and nice sales representative will be presented in the practical part of this thesis.

HINGLEY believes that “*good communication between suppliers and retailers is important with it resulting in a more co-operative relationship and an ability to respond rapidly to consumers’ changing demands*”. [12]

But the other side of this topic is, what might be actually changed, since negotiating power of sales representative isn’t that strong as it looks like. Therefore, almost everything might be discussed, but only some things might be really changed according to customer’s wishes. [14]

If the meeting is the first one, situation is a bit different. Sales representative tries to set up a meeting in advance, if there is a contact available. If not, dealer will just randomly visit the place and will ask for manager or chef. Perfect time for the visit remains the same as in the example of regular meeting. There is an introduction of both sides and dealer gives a catalogue of all Bidfood’s products to its partner at the beginning of the meeting. Sales representative is then trying to attract the chef with different strategies. Dealer should definitely know basics of the restaurant’s menu, in order to offer ideal products that would fit with the concept of the gastronomic business. Interview is sometimes interrupted by the chef, because he or she might have set special prices for particular products from various competitors. Discussion turns usually very quickly to the price of selected goods and other trade conditions such as payment period. Once, basic trade conditions are known and accepted by both sides, chef simply asks and dealer is able to tell him or her all the prices, because he or she has a tablet with internet connection and up to date prices. Once the chef knows, if Bidfood can be cheaper or at the same price (hopefully with better quality), another meeting is set up, where all the necessary details about the further cooperation will be discussed and special prices for this customer will be created. [14] [15] VONDRÁČEK, RAJCHL

Gifts and various presents are also very important element in the meetings. They play a huge role during regular meetings especially before Christmas, when customers basically expect any kind of gift (T-shirt, calendar, diary, wine, etc.) This fact is nowadays very common in foodservice industry.

KOPECKÝ points out, that first meetings are a bit special in terms of gifts. Some customers expect to receive a gift even before the first meeting begins. Presence of the gift can significantly influence process of the whole meeting. Therefore some sales representatives bring gifts (usually T-shirts) to the first meetings to force their partners to discussion, because there are some chefs, who don't want even to listen to an offer of sales representative of other company and react differently, when they see a gift in dealer's hands. [23]

Some funny situations might also occur during the first meetings. If dealer receives a phone number, this number or even the whole restaurant doesn't have to exist. But on the other hand, completely new restaurant can appear on the very same place and the first meeting would be the same, as it was described above.

Last but not least, it is necessary to mention that sales representatives and company as a whole should accept customer's business success as its own success. It is logical, both sides of B2B relationship want to be profitable. But as it was mentioned earlier in the specifics of B2B, both sides have to contribute to that desired situation. One side can't reach profit, if the other side would experience lost. It is often visible, that companies include some of their most important customers on its websites to demonstrate, how important customers they actually take care of. [28] SINCAVAGE

What is often overlooked and it applies for both kinds of meetings (regular and first one) is the situation, when customers feel completely powerless. They have different opinion and are pushed into the corner without possibility to defence their ground. [12]

Everything described above works on the similar basis in all food supply companies operating on the czech market.

3.4.3. Sales pamphlet

Another tool, that Bidfood uses is a sales pamphlet, which is distributed every three weeks among all customers. Pamphlet might be distributed electronically by email or personally by sales representative. Various customers react differently on this sales promotion. Some chefs hate it and they even refuse to look at it. They are suspicious about products displayed inside the pamphlet. On the other hand, sales pamphlet has a great use in case of regular visits, because dealer can to its partner introduce new products offered for great prices that would

fit for particular restaurant. It might be a great start for conversation, if the chef isn't in the great mood. [15]

In a nutshell, it is possible to generalize impact of this tool in a way that 20 - 30% of all orders come from the sales pamphlet.

Every food supply company has its own sales pamphlet, therefore they all look almost the same. And the possibilities of distribution are in fact only two - personal or electronical (via email and Facebook which will be described later).

3.4.4. Bidfood Tour

Bidfood Tour is a huge food exhibition established in 2004. Bidfood and its partners have a chance to introduce and exhibit new products for upcoming season. It is also great opportunity to remind stable products to all customers. Year 2016 hosted 12th year of Bidfood Tour in two cities - Prague and Olomouc. Area of each exhibition was more than 2 400 m². Bidfood introduced new products divided into 20 categories such as breakfast, hamburger, meat, dairy products, fresh vegetable, etc. More than 7 900 customers from 3 500 restaurants arrived to the Tour in 2016. [17]

Another part of the Tour in 2016 were discussions with the most known chefs (eg. Zdenek Pohlreich and Filip Sailer) in Czech Republic. Discussions had two key topics - current trends in Czech gastronomy and EET (electronical evidence of takings). Apart from food exhibitions, customers had a chance to see new cooking technology with a possibility to try it immediately. [23]

Picture number 2: Bidfood Tour



Source: <http://www.bidfood.cz/gastro/o-nas/novinky/bidvest-tour-2016-olomouc-bilance>

Bidfood Tour is nowadays the biggest food exhibition organized in the Czech Republic. Fany as Bidfood's competitor organizes similar but much smaller food exhibition, which enables more family atmosphere.

3.4.5. Eshop

By introducing eshop in 2011 Bidfood offered to its customers more comfortable way, how to order goods, that were until that time ordered via dealers' mobile phones or during regular visits as it was mentioned earlier in the literature review.

Between 2011 and January 2017 totally 4 200 000 orders were made by chefs which is around 2 000 orders/day. [24] ŽIČAŘ

There are various sectors in the world (and czech) economy, that are working very well in case of eshop. There is electronics, which is something, what majority of people is not afraid to order online anymore. Recently, ordering foodstuff for households online is getting still more and more popular. Unfortunately, chefs are not used to order goods for restaurants online yet. Reasons, why it is so, will be in detail described later in this thesis. But various experts from foodservice business expect that this situation needs just more time and the trend will change in the future.

HINGLEY admits that technology might be useful during planning and solving potential issues more quickly and comfortable, but claims at the same time that some innovations might be for restaurants too expensive and ineffective for their daily business. [12]

3.4.6. Callcenter

Callcenter, established in 2012, might be perceived as another tool, that might increase customer's loyalty, since it makes customer's orders more comfortable. There are three customers' centers divided according to division of Czech republic into three regions (Prague and southern Czech/Bohemia, Northern Czech/Bohemia and Moravia/Eastern Czech) as it is stated on picture number 3. There are around 30 female operators working in three mentioned callcenters (11 in Prague and southern Czech, 11 in northern Czech and 8 in Moravia). All centers are available for customers every day except Saturday's. [23]

Picture number 3: call center – area of remit



Source: <http://www.bidfood.cz/gastro/kontakt>

As it was mentioned earlier, customer has a lot of options, how to order goods. Customer can directly call to the center and his or her call is directly forwarded to operator, that is allocated to this customer. Order is made easily via phone and operator accepts the order.

3.4.7. Backward bonus

This tool can be characterised as: the more you buy, the more you get back. In order to completely understand that, here is a brief example. Restaurant orders foodstuff in a value of 1 million CZK during one year and at the end of the year will receive 40 000 CZK in form of backward bonus.

Conditions related to backward bonus are stated in a written agreement signed by both sides and the most common value of backward bonus is around 4%.

There are two basic kinds of backward bonus. First one is represented by cash that would be sent to the gastronomic business. So in mentioned example, 40 000 CZK would have been sent directly to the restaurant. Second option is related to professional advantages such as new cooking equipment or free foodstuff in the value of backward bonus. Back to mentioned example, customer can receive new cooking equipment in the value of 40 000 CZK (or discount for it in the same value). Last option is to order foodstuff for 40 000 CZK and receive it for free. [15]

RAJCHL says backward bonus is widely used by all foodservice companies and customers looking for the most advantageous conditions are often asking about the value of backward bonus that might be offered to them. [14]

3.4.8. Fresh Fish Service

Fresh Fish Service (FFS) is an additional service of Bidfood with its key specialization on fresh fish as it is obvious from its name. It might be perceived as another tool for maintaining or increasing customer's loyalty. FFS started in Prague in March 2012 and now operates in various regions of Czech Republic as it is demonstrated on picture number 4. [15]

Picture number 4: FFS – area of remit



Source: <http://www.bidfood.cz/gastro/sortiment/fresh-fish-service>

Fresh Fish Service offers an unique experience, since it offers fresh fish from the car, that arrives directly to the customer's place. Chef has a chance to see fresh fish before making the order. If the good (fish) is in a great condition and chef is happy with it, order and payment is made immediately.

SETHI described this business approach as negotiated buying. Quick decision making as well as discussing about the final prices are always present in this process. Chef usually calls to the seller during the morning and asks about the price of fish he or she demands for that day. That is necessary, because fish prices are very unstable and they change every day. If the price is acceptable for the chef, seller will arrive to its place and let him or her look at the fish. Finally, if the fish looks good, it is immediately purchased. If the price for particular day isn't okay for the chef, seller doesn't have to lose time by driving to particular restaurant. [27]

Some might claim, FFS is a direct competition for sales representatives, since they can also sell fresh fish. The key difference between fish ordered from sales representative and from FFS is that with FFS customer has a chance to see and touch the quality of the fish. If the sales representative offers fresh fish for the first time in any restaurant and chef is suspicious

about potential quality, dealer might offer Fresh Fish Service. If the customer will be satisfied with the quality, next orders might be done via sales representative without direct checking the quality.

Another benefit of FFS especially in Prague is that sellers of fresh fish are in the city whole day (9:00 - 16:00), so if the restaurant detects lack of fresh fish for dinners, chef can call FFS and if the fish is still available, FFS can arrive very soon and save the restaurant's business for that day (because regular order would take more time in this case). [15]

That is something, what NEELY describes as coordination across various departments, where different people from various departments can save customer by not saying "not my job", etc. [19]

3.4.9. Loyalty programme

Part of Bidfood's eshop is a loyalty programme working on very simple basis. Each item is valued by number of points. Customer can by collecting points get some valuable goods in various categories. SINCAVAGE mentions "*company - branded merchandise, flight to company conferences or add-ons, and so on.*" [28]

Bidffod offers to its customers for example electronics, books, sports, clothes, etc. This loyalty programme is used especially by school canteens, gastronomic businesses such as restaurants are more involved in backward bonus system described earlier in this chapter. [24]

3.4.10. Delivery conditions

Every customer, who is in B2B relationship would be interested in delivery conditions of each food supplier. All czech foodservice companies have similar rules related to their deliveries. Bidfood applies the most common practice, which is the rule of minimal order. KOPECKÝ claims "*value of the order has to be 2 000 CZK.*" [23]

If customer wants to order anything below that value, total shipping of 90 CZK would be charged no matter, where is the final location of the customer. This rule of minimal order is applied in all middle and large foodservice companies in order to maintain the highest efficiency of deliveries as possible.

3.4.11. Cooking classes

SINCAVAGE claims *“in-person events are great way to promote and celebrate customer loyalty, introduce new product updates, showcase use cases and success, and invite feedback. It is also a great way to gauge the loyalty of your customers. In-person events are recommended for B2B companies whose products are embedded into the customers’ daily processes. This is an opportunity for companies to engage with clients and gather data for more personalized service in the future.”* [28]

Except high quality foodstuff offered by sales representatives, FFS, eshop and other factors mentioned above, Bidfood offers to its customers also education with specialization on new trends not only in czech gastronomy. Therefore Gastrostudio was established as a space for education of Bidfood’s employees as well as its customers. Gastrostudio offers education in various cuisines guaranteed by 14 professional chefs and many external experts. Two to six different classes take place every month. Anyone can attend a cooking class in Gastrostudio, but Bidfood’s customers pay in general much lower price. All cooking courses are focused on various cuisines (eg. japanese, french, modern czech) and are offered to Bidfood’s customers by email or during the regular visit by sales representatives. [14] [29]

Lower price for Bidfood’s customers is a way of exclusive access, or in other words, something what others can’t have. Customers are not the same and there are some chefs, who really appreciate exclusivity even if the benefit is the lower price. [28]

3.4.12. Discounts

As SINCAVAGE points out *“discounts are a straightforward way to entice customers to continue purchasing. This approach works best for companies, whose customers act closer to consumers.”* [28]

That is a definitely the case of gastronomic business. Chef of the restaurant is very close to the final consumer. RAJCHL mentions four basic ways, how to get a discount for Bidfood’s customer. First of all, it is a sales pamphlet distributed by email or by sales representative. Second discount tool is a purchase via eshop. Third way is a discussion with sales representative, who might make an adjustment of the price for each customer and the last one is already mentioned backward bonus. [14]

3.4.13. Range of goods

Does the company offer everything, what customer might need? That is another important factor influencing customer's loyalty. Bidfood's range of goods is very wide. There were more than 5 000 items available in the company's offer at the end of January 2017.

Bidfood's range of goods wasn't too wide at the beginning in 1990. Company offered especially frozen fish, french fries and later on also fresh ham. Bidfood gradually added pork, beef and fresh fish processed in its headquarters near Prague in Kralupy nad Vltavou. Year 1999 was very important, because Bidfood (Nowaco at that time) introduced whole new ice cream brand called Prima. Range of goods increased rapidly and company became important partner for various sweet and coffee shops. Later on in 2012, company (called Bidvest at that time) made its range of goods even wider with introducing various kinds of game (wild animals) and the most up to date plan for 2017 and 2018 is to start selling fresh vegetable and alcoholic beverages. [17] If this would be successful, there won't be anything from the basic foodstuff, what will be missing in the Bidfood's range of goods.

RAJCHL says range of goods can influence customer's loyalty in two different ways. First one aims to situation, where chef buys everything from one or two food suppliers in order to save time with administrative work, in other words to have everything at one place. [14]

Second attitude is the opposite to the first one and it is also widely used by many chefs, who wants to let earn money as much companies as possible. Therefore, one or two goods are ordered from one company, another three or four items are ordered from another company, etc. This attitude is used especially by people, who have extra time to solve all the administrative and to look for extra sales offered by various suppliers.

3.4.14. Social networks

Online communication on social networks is often mentioned as another tool, which might influence customer's perception of the service and consequently also its loyalty. But it is necessary to mention, that gastronomic business in Czech Republic is an example of rare exception, because social networks don't play such a huge role in this business.

It was mentioned earlier, that Bidfood has around 26 000 customers, but the number of followers on all significant social networks (represented by Facebook, Twitter, Google plus

and YouTube) is much lower. In fact, the total number of followers at the end of January 2017 was approximately 1 000 and it's possible that some of these followers might be counted twice, if they follow the company on various social platforms. Anyway, Bidfood's followers on social media make less than 4% (3.85%) of total amount of its customers. But Bidfood has another profile on Facebook, which is called Bidfood - Gastrostudio (place for cooking classes) with more than 1 200 followers, so more than all followers of regular Bidfood's social networks (Facebook, Twitter, Google plus and YouTube) together. Of course, it is possible, that some followers are simply doubled and follow Bidfood's regular profile as well as profile of Bidfood's gastrostudio, but anyway this fact shows, what is really important for Bidfood's customers in the online world. It is the possibility of further education via vocational courses led by professional chefs - experts on different cuisines.

Totally sum it up, Bidfood has around 2 200 followers on social networks, which is a share of 8.46%. That's not that much, since Bidfood is considered as a market leader in food supply industry. But this isn't anything, what should the company worry about, since situation is pretty much the same in the whole business as it will be demonstrated now.

CIPA has around 600 followers (company has only Facebook profile), JIP is on the similar level with 500 followers also only on Facebook profile and Facebook profile of Fany is created as an unofficial page with only 4 followers and no posts.

Leader in the area of social networks is therefore without any doubt Makro with more than 78 000 followers on Facebook, Twitter, Instagram and Youtube. But one important fact has to be stressed here. Every customer registered by Makro, has a chance to have up to five customer's cards. Therefore, it is more precise to claim, Makro's followers are not equal to company's customers. But the highest reach out of all food supply companies is undeniable.

As mentioned earlier, Bidfood as a market leader, has only 2 200 followers on various social platforms and company doesn't seem to pay much attention to the world of social media. VONDRÁČEK believes, there are two key reasons.

First, Bidfood's customer is a restaurant represented by owner or chef. Lets suppose, they both have their personal profiles, but they don't feel the need to follow their business partners on social media in their private lifes. Some restaurants begin to appear on Facebook and

other networks, but this trend is very slow and limited, because it takes time and increased profit isn't directly guaranteed in this case.

Second reason might be connected to working hours of restaurants. Gastronomic business takes more time than it's generally considered. If the restaurant offers lunches and dinners, chef has to be at the place at 9 a.m. and has to start cooking foodstuff for the lunchtime. There is some spare time between end of the lunch time, which is around 2 p.m. and beginning of the dinnertime (around 6 p.m.). But the computer or tablet isn't usually available in the kitchen, therefore staff would have to use their smartphones, but here comes the question from the first claim, who would like to see work related stuff on its Facebook wall in its limited freetime? [15]

As it was mentioned earlier, Facebook is the most used communication channel in the online world of czech gastronomic business. All mentioned companies use this social network in a similar way, although there are some interesting differences, that will be described now.

But let's begin with the similarities, all food supply companies try to promote new products in their offers. This logical attitude is supported by sharing sales pamphlets usually in PDF format (it requires log in into the eshop first) in case pamphlets were not delivered by sales representatives or just to remind the great prices in the pamphlet.

Another often shared post is related to various vocational courses and cooking classes, that were already mentioned in this chapter. Again, post on Facebook is in this case a reminder of a fact, in case the chef forgot to apply or take a note about interesting and useful event. After the event, short report which includes usually very brief text summary and more pictures are uploaded and shared on social networks in order to spread the general information, which basically says this company can do for you great cooking class as well except reliable food supply of high quality products.

What Makro as the leader in this area does in a different way is the introduction of specific foodstuff with some interesting facts influencing health and tips for cooking. Such posts often end up with a question for example: „What is your experience with this fish?“. That is a good strategy, since followers feel more involved in the business to business relationship.

Picture number 5: Cooking class in gastrostudio



Source: Facebook page of Gastrostudio Bidfood Czech Republic

3.5. Measuring customer's loyalty

First of all, it is necessary to describe, how does the customer's loyalty metric look like. According to MURPHY *"it is a difficult metric to measure, simply because loyalty can exhibit itself in so many ways."* [18]

There are many metrics, that can be used for measuring customer's loyalty, therefore only some of them will be described in this chapter.

3.5.1. Repeat customer rate (RCR)

MURPHY defines this metrics as: *"how many of your customers buy from you more than once?"* PASCAL extends this definiton by claim: *"it is a ratio of repeat purchases over one - time purchases."* [18] [20]

It is an useful tool, for measuring loyalty in the long term, since it monitors the development after the first purchase. Repeat customer rate could be used in gastronomic business in case of first visits, where the first order is usually made. If the customer will make the second, third, etc. order by itself, everything works fine. But if not and dealer has to remind it, this is the case where repeat customer rate could be extended to ordering without reminding and ordering goods only after remind from sales representative. These orders based on reminder from dealer are usually made only from politeness of the customer, therefore their value isn't

very significant and such a customer isn't very interesting for the company, if owner's attitude towards the company won't change in the future, which might happen for example if there is a exchange of chefs in the business, which happens quite often).

PASCAL claims this metric can be influenced by one important factor and that is, if it is possible to change food supplier in this case and if so, how difficult is that. Because, if it is not possible to change the foodservice company in deliveries of specific good (eg. tuna fish), RCR will have great values, since customers won't have any other option. Once, switching to another food supplier will become easiers, RCR values can fall significantly. [20]

Situation described above isn't too usual in gastronomic business, although there are some goods, that might be imported and delivered only by one or two companies (such as japanese beef meat called Wagyu). On the other hand, various foodservice companies cooperate with various brands (eg. frozen vegetable), so one company might have an exclusive access to specific brand, but it doesn't mean rest of the market can't get different brand of frozen vegetable from company's competitors.

3.5.2. Upselling ratio

PASCAL defines upselling ratio as "*a ratio of cutomers who've bought more than one type of product divided by the customers who've bought only one.*" [20]

This ratio obviously works with customers, who buy goods from the company on the regular basis and not just one, as it was described earlier in the repeat customer rate.

Customer shows real loyalty by buying different kind of product, than the one that is bought every day/week, etc. The more different the product is, the more significant the loyalty is, since to buy a different product requires specific amount of trust into the company as a whole. [20]

RAJCHL and KOPECKÝ claim that if the Bidfood's customer, who buys on regular basis only oil, eggs and flour will after some time try to extend the order by fresh fish and fresh irish steak, it might be considered as a clear sign to the company, that the customer's trust increased and loyalty moved to another level. This situation is very often especially with new customers, who are a bit afraid from the beginning, so they order "safe" foodstuff (flour, eggs, frozen vegetable, etc.), where it is possible to buy it somewhere else if something

would go wrong with the delivery. Once the customer will see the Bidfood's service works fine and the company is reliable, orders will become larger and wider, in other words more goods and more kind of goods will be ordered once there will be trust between Bidfood and the final customer. Time is obviously required in order to get the trust between the company and the customer, and it can take 2 weeks, but also 2 years. Every is customer works with trust in a different way. [14] [23]

3.5.3. How much would you miss us?

This metric is very simple and might be seen as an opposite tool against NPS described later in this chapter. Customers usually answer the question and evaluate their answers on scale 1 (lowest value - my business wouldn't be affected if your company would disappear tomorrow) to 10 (highest value - I couldn't imagine my business without your company).

Results measure strength of relationship between the company and final customer. Values mentioned by customers depend especially on number of competitors in the business. If there is just one company, who is able to supply food towards its customers, everybody will answer with number 10. But the more companies will be in the business, the wider will be the range of results among all asked customers. [20]

KOPECKÝ claims Bidfood's position in this case is very optimistic. Since as it was mentioned in the chapter about czech gastronomic market, number of Bidfood's customers is around 26 000, which means total share of czech market is around 70%. Of course, many restaurants don't have just one food supplier - just from safety reasons, but this doesn't change the fact, that Bidfood is by customers perceived as an inseparable part of czech gastronomic market. [23]

3.5.4. Customer lifetime value (CLV)

According to MURPHY *“this metric measures the total profit contributed by each of your customers during the entire duration of their time purchasing from your company”*. [18]

Several different values might be monitored in detail such as annual revenue, purchase frequency - which might be connected with issue described in paragraph about RCR and purchase trends (eg. during economic crisis).

Once this metric is monitored carefully, company can see, which of their customers are among the most important ones and can also adjust customer's care for gastronomic businesses, that contribute significantly to company's profit, with some special offers unavailable to others (eg. invitation to golf tournaments, tickets for concerts etc.) [18]

3.5.5. Net promoter score (NPS)

MURPHY defines this metrics as "*how likely your customers are to recommend you to a friend or a colleague.*" [18]

In order to investigate the value of NPS, face to face questions are often asked and customers answer on scale 1 to 10.

PASCAL divides customers, who have been asked question about NPS into three categories:

- Detractors are people whose answers about NPS had value 6 or lower. These customers are a real threat to any company, their orders (if any) won't be that significant and might be done for example only because particular good is unavailable anywhere else.
- Passives are customers with answers valued 7 and 8. Their position is somewhere in between. They are satisfied, not looking for alternative suppliers, so they will be loyal, until they will be addressed by competitor with better offer. On the other hand, they won't spread negative word of mouth as detractors would do that. Turn as much customers as possible from passives into promoters is a key goal of all sales representatives.
- Promoters or in other words hard core fans. People who are likely to recommend the company wherever and whenever they can. People standing in front of Apple stores all over the world are great example of promoters, since only by waiting for the store to open they make a priceless advertisement for Apple. [20]

However, VONDRÁČEK claims something like that is very unlikely to happen in gastronomic business, but even there are some promoters, who might recommend the company to their friends - chefs looking for new food supplier. On the other hand, it doesn't have to be only about recommendation. New restaurants emerge quite often

(especially during the period of economic growth) and sometimes with owners, who already own a restaurant. If the owner or chef is satisfied with current supplier (in the first restaurant), there isn't any reason for change of current food supplier. This situation really happened in case of one of the most popular restaurant in Prague - Café Imperial as RAJCHL points out. Owner and chef Zdenek Pohlreich decided to open new restaurant and automatically decided to cooperate with the very same food suppliers (including Bidfood) as in the case of his first restaurant. [15] [14]

As it is obvious from picture number 6, total NPS value is calculated by subtracting detractors from promoters.

Picture number 6: Net promoter score



Source: <https://www.userlike.com/en/blog/measure-customer-loyalty>

It is understandable, various industries will score different values of NPS. Therefore it is crucial to know NPS benchmark scores per each industry.

ANONYMOUS F claims average score in B2B is between 20 and 30 as it is stated in the table number 1. [6]

Table number 1: Values of NPS in various sectors [6]

NPS Score	Types of companies typically achieving this score
30 +	Service companies and companies with a high service content in their offer, high-tech companies, professional service companies, small and medium-size companies, good merchants and distributors.
20 to 30	Manufacturing companies of all types, large corporates.
Less than 20	Energy companies, monopolists, chemical companies, commodity suppliers, most Western airlines.

3.6. Current problems in relationship with customers

Although Bidfood is without any doubt leader of czech gastronomic market, there are some issues in relationship between the company and customers, that will be further described in this chapter.

HINGLEY mentions two very often problems concerning foodservice industry. First is related to the lack of trust and commitment between customers and suppliers. Second one is more related to negotiating process, where one partner doesn't have to share all information with its business partner in order to achieve business goals more easily. The boundary determining, what to share and what not is very controversial and is special for each case. [12]

Barrier dividing the foodservice industry into us and them doesn't help to the business at all and shouldn't exist, but there is a lot of work that has to be done in this area and both customers and suppliers have to engage in this issue. Problem might be fixed by hiring workers, who have worked in gastronomic business in the past and can easily understand, what chefs want and can manage or even stop the imbalance of power that is sometimes present in the business relationship between the dealer and its customer.

3.6.1. Eshop and call center

These two tools for increasing customer's satisfaction and loyalty were created in 2011 and 2012 in order to improve customer's choices when ordering foodstuff, but especially to relieve strain made by mobile orders from sales representatives, who were talking on the phone all the time and didn't have enough time to take care about their customers. It didn't look very good, when the phone rang during the regular or even worse during the first visit in the restaurant. Therefore eshop and callcenter should be beneficial for both sides of the business (dealer and customer), but unfortunately it is not so. [23] KOPECKÝ

RAJCHL claims most of the cutomers, that were visited during the practical part of this thesis, don't like or almost hate eshop and call center (with some exceptions of course). There are couple of reason for that. [14]

Problems with customers will be desribed in this chapter and word customers cannot be used in order not to generalize, therefore words dissatisfied customers will be used instead.

First of all, dissatisfied customers are very often selfish. They don't understand the basic fact, that dealer has around 80 customers and not just the dissatisfied ones. Chefs are often unable to understand the situation, where dealer has a meeting with another customer, therefore can't answer the phone and the customer's call is forwarded to the call center. Dissatisfied customers think dealer is available for them 24 hours a day, 7 days a week. There is a clear misunderstanding between what is perceived job of the sales representative from customer's side (accepting orders and being available all the time) and what the real job of any dealer is or should be (selling new products and taking care about all customers equally). [15]

It is up to every sales representative, how can he or she explain this misunderstanding to its customer, but there is a power of habit against all dealers, since they accepted orders for a long time (before call center and eshop were created), so customers are just used to this situation and they don't see any reason, why should they adjust to new conditions.

Ordering goods via eshop isn't too attractive today for most of the dissatisfied customers. First reason seems to be very practical and that is the absence of computer or tablet close to the kitchen. Such a device is very often present in different room and that makes the ordering process especially for chefs very uncomfortable, since they have to move to another place every time, they want to order any foodstuff. Calling to sales representative instead is very

fast and comfortable, since all chefs have mobile phone present in the kitchen. If the device is in another room (worse situation in another floor of the building), chefs are simply lazy to go there once their shift is over and order goods for next days. This is very understandable, because most of the employees want to go home as fast as possible once the shift is finally over.

Second reason is mostly about user experiences with eshop. Most of dissatisfied customers in practical part mentioned their wrong experiences when using eshop. But most of their claims were connected to their laziness related to using eshop (eg. too wide offer, finding “my” product takes too much time, etc.). Some of them tried to complain even if they didn’t try it at all.

KOPECKÝ claims that when the eshop was established, Bidfood provided an expert, who came to restaurants, set up and explained everything to chef or any other responsible person. Therefore, it is very complicated to convince customers to use the eshop and most of the dealers didn’t manage it properly, which will be further described in last chapter of this thesis. [23] HINGLEY says “*although relationships in the industry are good in some areas there is still room for improvement with regards to trust, co-operation and collaboration.*” [12]

3.7. Future development of customer’s loyalty

Whole foodservice business is changing every day, therefore customer’s loyalty will in this area will face huge changes as well. HINGLEY claims “*the overall trend is towards the industry being dominated by a few large corporations operating on a national level, with some corporations even operating on a European or global scale.*” [12]

That is something, what will without any doubt influence relationships between suppliers and their customers (gastronomic businesses represented by chefs). There are two basic attitudes, that will form customer’s loyalty for future years. First attitude is represented by simplicity, which in other words means try to have as few suppliers as possible.

One of the key advantages of this attitude is the reduction of administrative work, costs saving and last but definitely not least are better and more valuable relationships with

suppliers. Because it is always easier to have great relationship with three large suppliers than try to keep twelve average or poor relationships with various suppliers. [12]

Second attitude represents the opposite idea of the first attitude and applies especially for smaller gastronomic businesses, who are almost always looking for the best deal and therefore try to keep relationship with as much suppliers as possible. Chefs don't care about huge administrative work, since their businesses are rather small and the effect of too much suppliers isn't that visible.

Supplier – customer relationships are complicated. More suppliers might offer the best price, but on the other hand closer relationship with any supplier might sometimes bring more valuable advantages than just great prices for two or three foodstuff.

Trends in technology has already changed the business, eshop might serve as a good example, but as HINGLEY points out the core of the contact between supplier and customer will be still especially on personal basis, since any technology cannot replace the human contact between both partners. [12]

4. Practical part

Practical part of this thesis consisted of personal visits to various restaurants in order to see, how does the market work in reality and what are the most important up to date issues in the czech gastronomic business. One hundred and twenty restaurants were visited in two locations, namely in Pilsen and Prague. Sixty various businesses were visited in each city with the same proportion (20 restaurants) of the cheapest, moderate and the most expensive restaurants. Division was calculated and made according to the average price of 10 main dishes, as it was already stated in methodology. Key aim of this research was to investigate, which of examined factors (such as price, quality, etc.) are the most important for the customer's satisfaction. In other words, what should every food supply company in this business really care over, in order to maintain their loyalty as long as possible and possibly increase it in the future.

5. Results

As it is stated in methodology, two methods were chosen for evaluation of obtained results.

First method used for evaluation was point method, more described in methodology of this thesis. Table number 2 summarises overall results from Pilsen with top three the most important factors for each price category in this location.

5.1. Results from Pilsen

Table number 2: Overall results from Pilsen

Price level	TOP 3 factors and score
< 100 CZK	<ul style="list-style-type: none">• Price (188/200)• Range of goods (170/200)• Quality (168/200)
101– 199 CZK	<ul style="list-style-type: none">• Quality (184/200)• Price (178/200)• Range of goods and choices of supply (170/200)
> 200 CZK	<ul style="list-style-type: none">• Quality (184/200)• Price (170/200)• Sales representative (168/200)

Source: own research

As it is visible from the table number 3, some of hypotheses stated at the beginning of this thesis were not confirmed and some of them were confirmed only partly. All hypotheses will be briefly commented in this chapter.

Table number 3: Detailed results from Pilsen

Price category	H1	H2	H3	H4	H5	H6	H7
< 100 CZK	188/200	168/200	170/200	140/200	160/200	40/200	48/200
101 – 199 CZK	178/200	184/200	160/200	150/200	160/200	33/200	35/200
>200 CK	170/200	184/200	152/200	168/200	158/200	30/200	78/200

Source: own research

5.1.1. Hypothesis H1

Hypothesis H1 related to the price was confirmed without any problems. Price is without any doubt key factor for the cheapest restaurants in Pilsen (this factor received the highest number of points, 188 out of possible 200). It is very common, that chefs discuss with sales representative about the price during every regular visit or ordering process via mobile phone. Negative difference of one czech crown against the competitors plays very often huge role and sometimes can be the reason for not ordering the foodstuff.

The price sensitivity is a bit lower in the central price level category with 178 points out of possible 200. If restaurants (especially franchise restaurants such as Potrefená Husa) in this price category order certain amount of foodstuff per month, prices for specific goods might be fixed usually for 3 months in advance. [27] This fact can significantly influence price perception in this category. Score 178 is still significant and the second most significant in this price category, therefore price would play a huge role in every negotiating process, that would fix prices for another 3 months, but would be also important in every single discussion about the prices for any kind of restaurant in this price category.

Top price level restaurants care least about the price (score 170 points out of possible 200) in comparison with low and central price level restaurants. Some of restaurants in this price category are hotel restaurants hosting very special guests (especially various european football teams playing matches in Pilsen) and this affects price sensitivity significantly, since price elasticity of these customers is usually very low. Second reason is related to food they offer. Some customers require specific foodstuff like certain kind of meat or ham for

breakfast and this is logically connected to higher prices, staff of the hotel has to pay for it in order to fully satisfy its customers.

5.1.2. Hypothesis H2

Hypothesis H2, in other words quality of the purchased good, was confirmed only partly. Low price level restaurants confirmed first assumption and don't pay too much attention to quality of purchased goods with score 168/200. Table number 3 shows that quality of purchased good is more important for restaurants with central price level. The difference between low price level restaurants and central price level restaurants is 16 points, which might be considered as relatively significant difference and it is a great message towards customers looking for quality in czech moderate price level restaurants.

What is surprising, is that there is no difference between central price level restaurants and top price level restaurants, despite it was assumed, there would be at least some difference. Based on performed research, one reason for such a situation is definitely dishonesty of some chefs in central price level restaurants during interviews performed for this thesis. In other words, every restaurant wants to look better in public view. Therefore, quality was in this survey mentioned almost automatically, even if it doesn't have to be always true.

Competition between central price level restaurants is high in Pilsen (in terms of number of central price level restaurants) and every restaurant wants to be as much competitive as possible, therefore distinguishing itself from other competitors and proclaiming the highest possible quality might be one of the methods, how to reach desired state.

Top price level restaurants seek logically the best possible quality, but on the other hand, they have to respect purchasing power of its customers (people living in Pilsen and in surrounding areas). Although Pilsen is generally considered as relatively rich region, prices cannot be simply that high as in Prague for example. As a consequence, even the most expensive restaurants in Pilsen can't sometimes order goods with the highest possible quality, simply because they wouldn't be able to sell them to their customers. Quality of purchased good has to be always adapted to purchasing power of the final customer in each region of czech gastronomic market.

5.1.3. Hypothesis H3

Hypothesis H3, in other words importance of range of goods, was't confirmed at all and showed the opposite trend than what was expected during the formation of hypotheses.

Results presented in table number 3 shows, that the low price level restaurants demand the broadest range of goods. Score 170 shows it is also the second most important factor for restaurants in this price category. This fact is connected to the first hypothesis H1 (price of the purchased good) and to the structure of restaurant's menu. As it was mentioned in the comment of H1, low price level restaurants look very often for the cheapest price. If the food supply company has a really broad range of goods ex. 3 000 goods), the chance they will find a cheap product is much higher, than if the offer would have only let's suppose 100 products. Broad range of goods is demanded especially because of lower prices for certain products that cannot be found anywhere else. Low price level restaurants have also very often pretty broad menu, in other words menu consists of dozens various dishes (eg. ten different soups, fifteen starters, thirty main courses and ten deserts). Wide menu might be seen as a second reason, why restaurants in this price category demand the widest range of goods from their food suppliers.

Restaurants with central price level mentioned in the research don't demand such broad range of goods, since most of their menus are also less numerous in terms of number of dishes and their price sensitivity is also lower. Menus of already mentioned franchise restaurants are very often stable for a long time, therefore there is no need to look for new products every week , as in the case of low price level restaurants, where it is common to change at least part of the menu more often.

Top price level restaurants in Pilsen demand the most narrow range of goods according to results published in table number 3. But it is not that obvious as it looks like. It is true, that the best restaurants have usually menu consisting of very few but top quality main dishes. One might claim, this fact explains the demand for narrow range of goods. But the truth is a bit more complicated, since every restaurant needs to distinguish itself, therefore the chef seeks for products that are unique or difficult to obtain, because of their limited availability, since it is a great way how to make the restaurant interesting, special and attractive to visit for potential customers. Chefs of the top price level restaurants in Pilsen are often looking for very few products, so they order narrow range of goods, but these goods are so special

(eg. japanese beef called Wagyu) in term of various kinds of basic foodstuff, that they actually demand very wide range of goods, even if they usually don't notice this fact.

5.1.4. Hypothesis H4

Hypothesis H4 (behaviour of sales representative) was confirmed according to early assumptions. Lowest value 140/200 in low price level restaurants demonstrate especially reluctance in further development of these businesses. Chefs in visited restaurants in this price category perceive dealer as a person, who has to literally fight for them with competitors (with various Christmas gifts, etc.) and once this fight is won, sales representative has to offer them the best possible prices on the market. But once dealer wants to give them an advice about certain product, usual reaction is: „You're just a dealer, you won't tell me, what and how should I cook something.“ It is not possible to generalize this attitude, but this behaviour was widely seen in all visited restaurants in this low price level category. This situation might be also connected to lack of trust already mentioned in literature review of this thesis. Some chefs simply cannot accept their dealers as partners and they have a permanent feeling, they will be ripped of. They don't believe, it is possible to do a fair business, which might be connected to their previous experiences with various food supply companies. Chefs think, they know, what they are doing or rather cooking and they don't appreciate any help from the outside. It depends on every single chef, that is in the kitchen, therefore this situation can change very soon and it will depend on young chefs coming to the market from high schools.

Attitude towards sales representative is different in central price level restaurants and in top price level restaurants, since the score increased from 140 to 150 and finally to 168 points).

Chefs in medium price level restaurants are keen to discuss plenty of topics like football, politics, relationships and sometimes even business related topics like the electronic evidence of takings (EET) that was introduced in December 2016 in Czech Republic. Chef – dealer relationship sometimes becomes to new dimension, or in other words business partners become friends in this area. Pilsen and surrounding areas are very convenient for such a friendly relationship between dealer and chef, because the market size is large and

small enough at the same time. It is very often that chefs know each other as well as they know all the dealers, which makes the whole business a bit easier.

Top price level restaurants with the score 168/200 show real interest about sales representative from food supply companies. Unlike from colleagues from low and central price level restaurants, chefs in the most expensive sector are keen to discussed topics related to their daily jobs (eg. they really like to discuss new recipes, methods of cooking related to specific products, ways how to receive competitive advantage against competitors etc.). Demands of chefs in this area set requirements on appropriate sales representative. Ideal dealer for chefs from top price level restaurants is a former chef with lot of experiences and with perfect knowledge of all foodstuff that is available from his or her company as well as products offered by competitors. Presence of sales representative is generally very important in this kind of restaurants.

5.1.5. Hypothesis H5

Hypothesis H5 concerning choices of supply was confirmed only partly (first assumption expected negative trend) and as it is visible from presented results in table number 3, proof isn't really significant. All three categories of restaurants reached almost the same score (160, 160 and 158). That demonstrates only one thing. Choices of supply are important, no matter what is the price level of examined restaurant. Although this factor didn't reach the highest values in any price level, it was very often strengthened by most of the chefs that answered survey used for this thesis. Importance of this factor can be divided into 4 basic categories. First one is related to storage conditions or in other words to storage place that is available in every restaurant.

Some businesses simply don't have that much storage place (one reason can be extra rent that has to be paid) and they often cook dinners from goods delivered in the morning. If the restaurant has extra space, where foodstuff might be stored, SETHI adds that this storage space can be used in a profitable way instead. [27]

That is why most of the chefs put extra emphasis on the time and accuracy of each delivery. It wasn't exactly mentioned in interviews performed with chefs, but what is related to accuracy of the delivery process is a possibility to complain and solve potential problems, in

other words if the restaurant orders potatoes and receives french fries instead, how quickly can restaurant receive the right foodstuff.

Second reason is related to security of the storage, because most of the businesses don't want to keep the foodstuff on their own, since they have to monitor it carefully and in the worst case solve potential thefts done by staff of the restaurant.

Third reason is related to the cash flow of every restaurant. Gastronomic business is without any doubt risky business, therefore chefs don't want to make a huge reserves for the future especially because they usually don't have enough cash for such an operation and because all food supply companies accept orders at least five days a week, some of them also on Saturdays, so there is nothing what would force chefs to make a huge reserves.

Fourth reason follows previous three and it is concerning solving any other problems that might emerge during supplying process. If anything goes wrong, it is always more comfortable to blame the food supplier than admit own fault and be responsible for it.

SETHI summarizes the topic and claims *„that quantities to be stocked need to be considered very carefully while purchasing.“* [27]

5.1.6. Hypothesis H6

Hypothesis H6 expected more frequent using of eshop for ordering foodstuff in businesses with higher price levels. General results showed, that this factor is definitely the least important for gastronomic businesses in all three price categories, that were observed in this research. Hypothesis wasn't confirmed at all, since all price categories received similar results (40, 33 and 30 points out of 200 possible points). This result demonstrates almost no interest in eshop that was created by Bidfood in 2011 for customers from all price categories.

Highest interest was observed in the low price level category and the reason, why is that is pretty simple. Unlike from other two price categories, owner of the low price level restaurant is almost always present in its business and he or she is very often responsible for ordering foodstuff. Owner doesn't mind to spend more time with this process, since he or she would still spend some time in the office once the business is over. He or she has a time to make to order without any pressure and can think about everything that might be ordered more deeply.

What was very often mentioned in case of eshop was a lack of knowledge when ordering goods, in other words, when the order is made around 11 p.m. every day, it is impossible to ask further questions related to composition or taste of the good.

Central price level restaurants reached lower score and this just reflects their attitude towards eshop. Or rather it is important to connect this value of 33 points out of 200 and their requirements for reliable sales representative (150/200). These two numbers are definitely interrelated. Chef, who is happy with his or her sales representative doesn't have any single reason to start using eshop. But if the chef orders the very same foodstuff every third day, it would be more comfortable for both sides, if the chef would start using the eshop with template, that would include all goods he or she orders on regular basis. Further problems connected to this approach were described in detail in chapter 4.6. called Current problems in relationships with customers.

Top price level restaurants reached the lowest score related to the eshop, but as it was already mentioned, they reached the highest score in terms of reliable sales representative from all price categories (168/200). Again, these two factors are definitely interrelated, especially in terms of discussions over quality of specific goods (methods of cooking, etc.). It is understandable, that something like that cannot be done via eshop and has to be discussed during the face to face meeting with sales representative (or at least by the phone). But top price level restaurants order basic foodstuff (flour, eggs, oil and sugar) and all of these goods could be ordered via eshop. That is something, what should be improved on Bidfood's side.

5.1.7. Hypothesis H7

Hypothesis H7 related to the visit of massive food exhibition called Bidfood Tour was partly confirmed, or in other words was confirmed from its one half. General results show that this factor is the second least important for restaurants in all three observed price categories and it is perceived as a nice to have benefit, which doesn't play important role in decision – making process, but it might be significant when chef/owner decides if the gastronomic business should stay with particular food supplier or not.

Low price level restaurants surprisingly didn't reach the lowest score and based on performed research it is believed because of already mentioned presence of owner in everyday business. Although Bidfood Tour took place in Prague and in Olomouc, some

owners did a trip to Prague to see up to date trends in the world gastronomy. Needless to say, the distance (100 kilometers) is a huge barrier for owners or chefs, who didn't attend this food exhibition. Their attitude towards this opportunity is predominantly negative and is connected with their already mentioned reluctance in further professional development.

Middle price level restaurants reached the lowest score from all three categories (35/200) and there seem to be two key reasons for that. First is connected to their jobs and to the fact, that owner doesn't let them to have one day off in order to make a one day trip to Prague to see what's going on in the world's gastronomy. This fact is definitely very sad for all the customers and only positive word of mouth references from their cooks' colleagues, who took part in previous years, can change this negative trend. Second reason is connected to date collision between Bidfood Tour and another food festival, that took place in Pilsen on the very same date and restaurants had there a chance to present themselves to their potential customers. It is understandable, that majority of customers from Pilsen decided to participate in this event and not to travel to Prague.

Top price level restaurants reached the highest score related to this factor of possible loyalty (78/200). Chefs in these businesses don't mind neither the distance nor the invested time and are keen to discover new trends happening in the world's gastronomic business. They really appreciate the possibility of touching some of the high – tech products and machines used in kitchens without obligations or pressure to buy it. Hosted discussions about EET were positively rated by all owners in this price category, since they had a chance to ask important questions and choose the best solutions for their businesses.

5.2. Results from Prague

Table number 4 shows results from Prague, where as in Pilsen totally 60 restaurants (20 in each price category) were visited during practical part of this research. It is obvious, there are some differences between Pilsen and Prague. All of them would be described and explained in this chapter.

Table number 4: Overall results from Prague

Price level	TOP 3 factors and score
< 200 CZK	<ul style="list-style-type: none"> • Price (163/200) • Quality and choices of supply (137/200) • Sales representative (123/200)
201– 399 CZK	<ul style="list-style-type: none"> • Price (160/200) • Quality (149/200) • Choices of supply (147/200)
> 400 CZK	<ul style="list-style-type: none"> • Quality (184/200) • Sales representative (174/200) • Choices of supply (148/200)

Source: Own research

Table number 5: Detailed results from Prague

Price category	H1	H2	H3	H4	H5	H6	H7
< 200 CZK	163/200	137/200	116/200	123/200	137/200	10/200	59/200
201 – 399 CZK	160/200	149/200	125/200	120/200	147/200	56/200	66/200
< 400 CK	128/200	184/200	116/200	174/200	148/200	12/200	144/200

Source: Own research

5.2.1. Hypothesis H1

Hypothesis H1 related to the price of purchased goods was confirmed in Prague, so one might claim, there isn't any difference in comparison with research performed in Pilsen. But values, all restaurants reached shouldn't be overlooked in this case. They are generally lower and demonstrate lower price sensitivity in the capital. This can be explained by higher living

standards and might be also supported by higher average salary for citizens living and working in Prague.

According to ANONYMOUS G was in the first quarter of 2016 average salary in Pilsen 25 476 CZK while in Prague was the average salary much higher, accurately 32 934 CZK. [7]

Low price level restaurants reached 163 points out of 200, which is a similar value, that has been reached by top price level restaurants in Pilsen (accurately 170/200). This clearly demonstrates the difference between two examined cities. The least interest about the price seen in Pilsen was still a bit higher than the least interest about the same factor in the capital.

Central price level restaurants in Prague showed very similar interest about the price (160/200). It was found, that it is important to see this score in relation with quality's score mentioned in detail in H2. Low price level restaurants reached 163 in price and 137 in quality while central price level restaurants reached 160 in price and 149 in quality. This shows, that central price level businesses focus more on price/quality ration – factor, that is very often seek by the customers.

The least interest about the price was observed in top price level restaurants. That is understandable, but what is surprising is the value, that has been reached (128/200). As it is visible from results presented in the table number 4 there are four factors that are more important for chefs in this price category. The only explanation is based on cooks' knowledge and experiences. If they are aware of fact, high quality goods are not cheap, they are willing to accept high prices for exclusive products as it will be demonstrated in their attitude towards quality.

5.2.2. Hypothesis H2

Second hypothesis related to the quality of purchased good was also confirmed, but demonstrates, how chefs in Pilsen try to look better, than they actually are. It is suspicious, that restaurants in Pilsen would care much more about quality. Based on expiriences from personal visits, it is believed, chefs in Pilsen just use pretence to mask some of their problems related to the quality of served dishes, rude staff, etc. Restaurants in low and central price levels in Prague don't have to use pretence that much, since the market is much larger and

there is a space for low and central price restaurants, who don't have to be shamed for service they offer.

Top price level restaurants reached logically the highest score (184/200), which demonstrates the highest interest about exclusive products and it is important to mention their least interest about the price. These two factors are definitely interrelated.

What is common in case of top price level restaurants in Prague and it is related to quality of the good is attitude described by SETHI as open market buying. It is usually a situation, in which restaurant wants to choose the best foodstuff available, so the chef invites sales representatives and asks them to bring their products restaurant would like to test. Same product supplied by various food supply companies is tested by the chef and owner of the business. Prices and choices of supply are compared and the supplier with the best offer is usually chosen within a week. Winner of formal buying has an unique right to supply tested product to particular restaurant usually for one year until next formal buying is made. [27]
[21]

5.2.3. Hypothesis H3

Range of goods observed in the hypothesis H3 reached much lower values in general terms. This hypothesis was confirmed only partly.

It is because restaurants in Prague no matter which price category are more aware of the market's offer available, in other words they know, what exactly various food suppliers offer and they also know its market and target group so well, that they know, which products are the most demanded by customers and really work in everyday business. Another reason might be connected to the lower price sensitivity mentioned in comment related to H1. Last but not least, it is necessary to mention, highest score in range of goods reached central price level restaurants (125/200). This could be also connected to menus of central price level restaurants in Prague, which are wider (offer more dishes) especially in comparison with top price level restaurants.

5.2.4. Hypothesis H4

Hypothesis H4 related to behaviour of sales representative was in comparison to first assumption confirmed only from its one half. First assumption expected the higher price level of the restaurant will be, the higher requirements will be for the sales representative.

From table number 5 is obvious that this factor received lower values in first two price levels in comparison with market observed in Pilsen, in other words – customers in low and central price level restaurants located in Pilsen and surrounding areas like to be treated from the dealer much more than customers from the same price categories in capital. Based on performed research, there is one explanation for this situation. Market in Prague is much more competitive and except described food supply companies, there are some extra smaller foodservice firms focused only on Prague's market, therefore the competition in Prague among dealers is much higher and as a consequence, chefs and owners might become bored of continual visits of various sales representatives.

Situation in Pilsen is in this area completely different because of lower number of competitors and the fact, chefs and dealers know each other pretty well and therefore have more friendly relationships. As a consequence, chefs/owners in low and central price level restaurants are used to be treated well and if they're not, they have a unique chance to switch to another food supplier.

5.2.5. Hypothesis H5

Choices of supply observed in hypothesis H5 wasn't confirmed at all as it is stated in table number 5. This factor of loyalty received lower values in all three categories in comparison with restaurants visited in Pilsen. It is because Prague is much larger market, therefore all customers are served by more cars and especially more often. That is a huge advantage, because if the car assigned for restaurant A forgot to load for example frozen salmon and deliver it during the morning, car assigned for restaurant B (neighbouring with restaurant A) can supply business A on the very same day in the afternoon. Reason, why chefs don't want to store foodstuff in the restaurant valid for businesses in Pilsen are perfectly the same for all visited businesses in Prague.

5.2.6. Hypothesis H6

Hypothesis H6 about use of eshop was in Prague confirmed partly, but central price level restaurants reached the highest value of this factor in the whole research (56/200). Low and top price level restaurants see the possibility of ordering goods online as useless and they don't see any reason, why should they change their current habits (calling to dealer and ordering goods via phone). Visited central price level restaurants use eshop a lot especially for goods that are ordered on the regular basis (eg. 100 kg of flour every week or in terms of breakfast menu that has to be ready every morning). Eshop simplifies their daily processes, makes their lives easier and customers are happy about it. It would be a massive challenge for all dealers to convince their customers to order also other goods with the same tool, in other words online using the eshop.

5.2.7. Hypothesis H7

Hypothesis H7 observed the importance of Bidfood Tour for all visited customers. Hypothesis was confirmed according to first assumption. It is possible to claim, that Bidfood Tour is very popular among all chefs working in visited businesses. One reason is definitely location of the food exhibition, since it takes place in Prague and therefore it is easier for everybody, who might be interested, to make a time for such an event.

Second reason is related to higher competition and pressure from customers' side. This trend forces chefs to visit such food exhibitions and bring back to their businesses new ideas and innovations. Chefs in all visited restaurants didn't have a problem with a visit of the Tour, even if they should be at work on that day, that means even owners understand the importance of this event. The most mentioned benefits of Bidfood Tour from Prague's restaurants were chance to see new foodstuff, possibility to receive more information about EET and last but not least meet colleagues and friends from gastronomy, in other words do some useful networking.

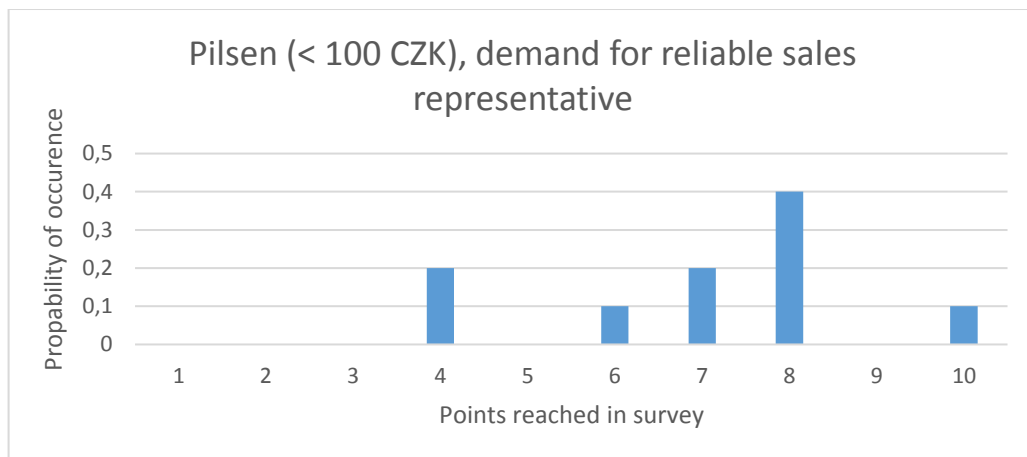
It is obvious, there are some differences between gastronomic businesses in Pilsen and Prague. The most significant are related to lower price sensitivity, lower range of goods plus higher interest in Bidfood Tour from chefs cooking in Prague's restaurants.

5.3. Quantile of distributive function – the importance of sales representative in Pilsen and Prague

It was already mentioned in this thesis, that gastronomic business is done in most cases via sales representative. First results showed, importance of the dealer varies for various restaurants. It is therefore very important to match the most appropriate sales representative up with the right restaurants. Because it might happen, that steady Bidfood's customer will get a new dealer and the business will frozen within couple of weeks. It is usually not a problem of the customer, but the dealer, in other words his or her attitude towards the customer. If the both sides of the business don't like each other, the business simply can't go on. Quantile of distributive function will be used in order to describe current situation and propose a solution to this problem.

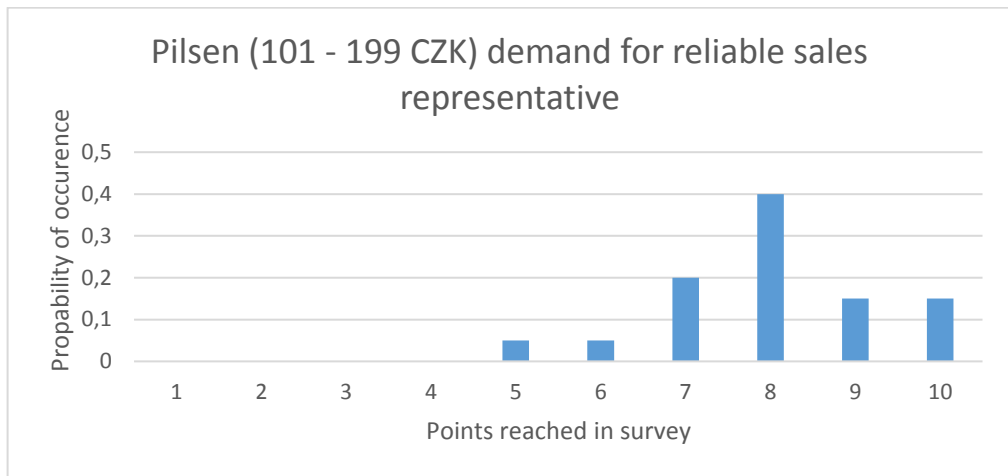
Propability, that demand for sales representative will reach eight points and more will be examined for each price category in Pilsen and Prague.

Chart number 1: restaurants < 100 CZK in Pilsen, demand for reliable sales representative



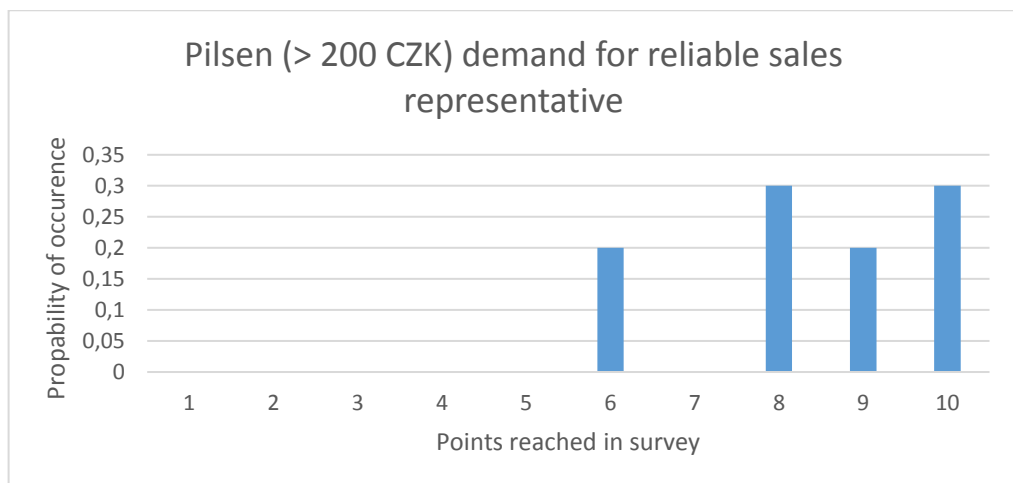
Source: own research

Chart number 2: restaurants 101 – 199 CZK in Pilsen, demand for reliable sales representative



Source: own research

Chart number 3: restaurants > 200 CZK in Pilsen, demand for reliable sales representative



Source: own research

5.3.1. General recommendation for dealers in Pilsen

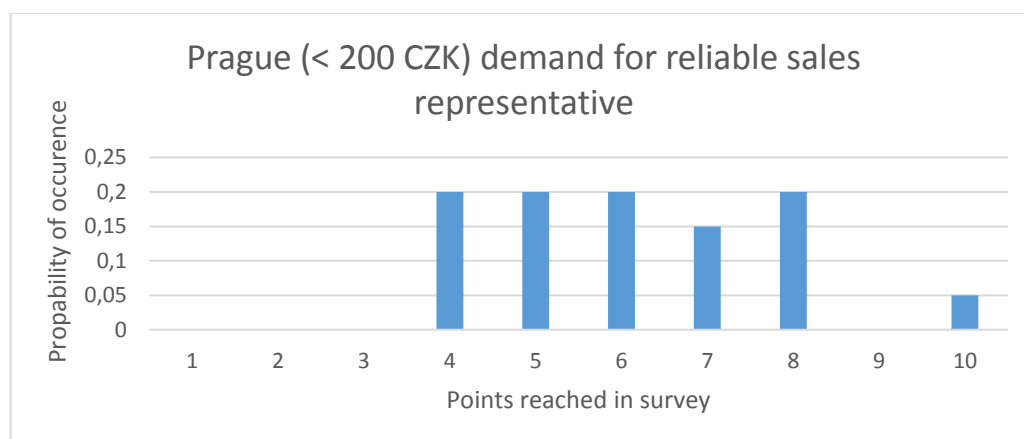
Share of chefs, who marked presence of Bidfood's sales representative in Pilsen as very important or the most important is increasing with the price level of restaurant (50%, 70% and 80%). Based on personal experience from face to face meetings, low price level

restaurants should be served by dealers, who are patient and can be a little bit cheeky during negotiating process, since their partners will behave equally. But it doesn't mean, dealers can't bring great offers to these restaurants, especially on goods with limited durability. Sales representatives receive such offers via text messages from Bidfood's headquarters everytime when necessary. And they directly offer such foodstuff to chefs, who constantly look for cheaper prices. This approach was highly appreciated by majority of chefs that were visited during the research and should be used as much as possible in both examined regions, since all sides of business relationship can profit from this approach.

Chefs in central price level restaurants are more open to new ideas and offers coming from sales representative, so there is more space for real buiness to business relationship, that was already described in this thesis. Dealer in this kind of restaurant should be able to talk about any possible topic, because that will help to create the business relationship with chef much easier.

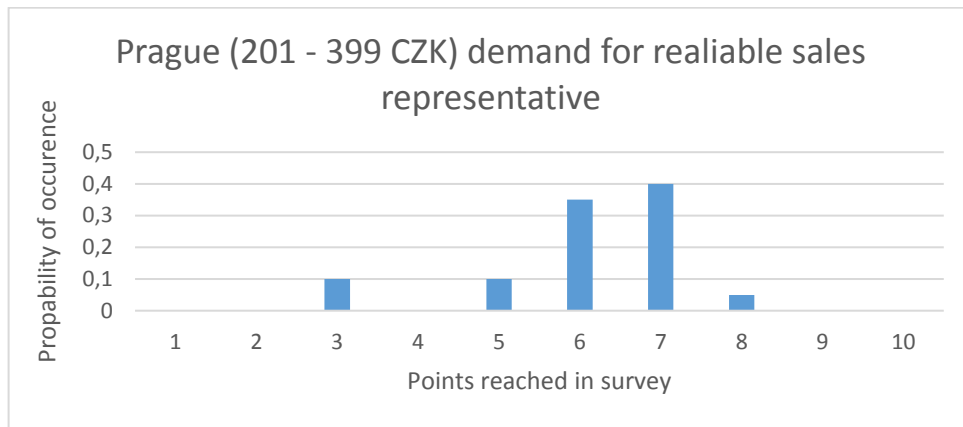
Dealers responsible for top price level restaurants must have the best knowledges about foodstuff they sell. All chefs in visited restaurants demanded perfect knowledge of offered products. Their key interest was to consult goods they were about to order. Personal experiences of sales representatives with cooking certain foodstuff can be only helpful and might be appreciated by increased orders or interest about new goods done by chefs.

Chart number 4: restaurants < 200 CZK in Prague, demand for reliable sales representative



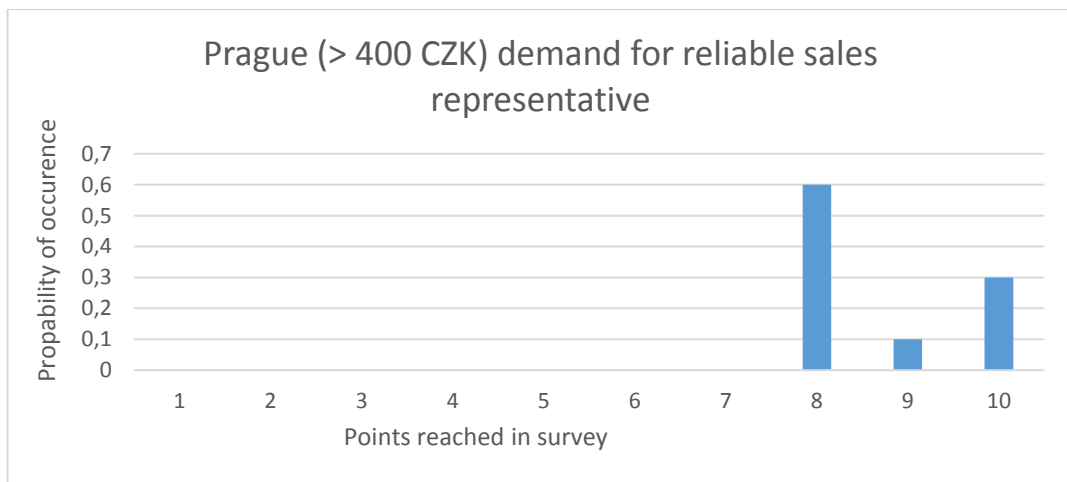
Source: own research

Chart number 5: restaurants 201 - 399 CZK in Prague, demand for reliable sales representative



Source: own research

Chart number 6: restaurants > 400 CZK in Prague, demand for reliable sales representative



Source: own research

5.3.2. General recommendation for dealers in Prague

Every second low price level restaurant in Pilsen evaluated sales representative with minimum eight out of possible ten points. That is a huge difference when the same factor was evaluated by the low price level restaurants in Prague, since only every fourth gastronomic business considered dealer as very important or the most important. The key

reason for such a difference is already mentioned increased competition in Prague, therefore Prague's chefs are not that interested in sales representatives coming to their restaurants, but this fact doesn't mean customers in both cities don't expect little gifts from dealers. And Prague's customers expect even more gifts, since they are indulged by much more dealers than customers in Pilsen. Being indulged by more sales representatives after all means, customers expect still more expensive and sophisticated gifts, in other words calendars and diaries used a lot in the past are now by some companies considered as something automatic.

The most significant difference might be seen especially in the central price level category, where only 5% of chefs in Prague consider dealer as very important or the most important versus 70% of chefs in Pilsen, who consider this factor as very important or the most important.) Chefs in middle price level restaurants in Pilsen don't need to discuss foodstuff and how to cook it. They prefer to talk about common stuff like football and girls. It is a huge advantage, if dealer can adjust to the same level of humour, etc. Prague's chefs are on the other hand bored of various dealers offering their products to them almost every day, therefore they don't want to see the sales representative of food supply company, until everything works fine and there is no need to solve potential problems. Regular visit on the monthly basis would be in this case just a waste of time, but as it was already mentioned in this thesis, safety visits are definitely recommended (in this case is enough to just call to chef every six weeks and check the situation).

Top price level restaurants consider sales representative as an integral part of the service they receive from the food supply company (80% of chefs in Pilsen and all, therefore 100% of visited chefs in Prague). Perfect knowledge of offered goods is a must in this case.

Last advice applies for all price categories in both examined cities. Based on personal experience, the best sales representatives in gastronomic business come from former chefs or other people, who worked in gastronomy in the past. It would be appropriate to try to hire as much former chefs as possible, in order to have high quality sales representatives. Even current dealer can do that, if the chef is bored and he or she is looking for a new job, positive word of mouth reference during regular visit might attract new potential dealer.

6. Conclusion

Based on performed research and studied literature, it is impossible to claim there is just one or two decisive factors, that would influence customer's loyalty. Various restaurants will always require different attitudes, but generally it is possible to see three trends, that form and will form customer's loyalty in the future:

First trend is related to all provided services. In order to simplify their daily jobs, there will be still more and more customers keen to have as low suppliers as possible. In other words, the whole gastronomic service would be still more about complexity. First supply car would be able to supply the business with fresh vegetables and alcoholic beverages, while the second car would be able to deliver everything else such as frozen goods, fresh fish or dry goods (flour, salt, etc.). There will be many customers, who would demand such a complex and reliable service, since it will make their lives simply easier.

Second trend will be the opposite and will consist of customers, who would be constantly looking for the best prices and they wouldn't care about administrative work related to cooperation with as much suppliers as possible.

Third trend is related to eshop and methods of ordering foodstuff. Electronic shopping would become more important in the future and gastronomy wouldn't be an exception. The more reliable eshops with other stuff such as electronics will be, the sooner will czech gastronomic business start using this method for ordering foodstuff without fear and doubts that are present in almost every gastronomic business in these days.

7. Recommendation

HINGLEY's key recommendations for suppliers are:

- keep high quality of production and maintain price levels competitive
- provide innovation, invest in technology as well as provide new marketing ideas to all customers
- keep regular contact with customers, show willingness to provide the best possible service and be always able to discuss the problems if possible [12]

Based on the performed research, four basic advices are recommended to Bidfood.

First recommendation is related to dealers and promotion of eshop. Bidfood is about to introduce new kind of foodstuff in its offer (eg. fresh vegetables and alcoholic beverages). Range of offered goods will be logically wider. If majority of customers would still order goods as they do it today (by calling to their sales representative), collapse of the current system might occur. Reason is simple. Phones of dealers would be ringing non – stop and sales representatives will be simply overloaded with orders, they won't be able to accept. This can cause lack of attention and care, that is required by majority of customers. They can get angry very easily and switch its food supplier. Dealers should understand that and explain this scenario much more to its customers and force them into using eshop, because if customers will use eshop, it will allow to keep the high quality of food supply service that is now provided by Bidfood.

Second one is related to asian restaurants. Asian chefs are very special in terms of loyalty and they are not predictable in this area, in other words these customers aren't very loyal to Bidfood according to company's management. The company considers this state as huge problem, since the number of asian restaurants on the czech market increases dramatically, in other words importance of such customers rises and Bidfood still doesn't have the strategy, how to attract these customers and keep them loyal if possible. Therefore, Bidfood should put an emphasis on this part of the market, if the company doesn't want to give these businesses up to their competitors. But based on the research done in this thesis, factors affecting loyalty in asian restaurants would differ a lot from factors mentioned in this paper especially because of different mentality and language barrier.

Third recommendation is related to role of the dealer as a person, who should try to explain things customer doesn't like. Situation might be demonstrated on example of fresh vegetables. Prices of this foodstuff increased significantly during first weeks of 2017. Some customers were really angry and there were only few dealers in Prague, who were able to explain such a situation. Reason was in extremely cold weather, that hit Spain and Italy and destroyed all goods, that should be harvested soon. Bidfood should try to educate its sales representatives as much as possible about such situations. Customers will know, what is going on the market and will be more willing to purchase more expensive goods, if they will know, why is the price higher than ususally.

Last but not least, Bidfood should be definitely open to all new ideas coming from its customers or sales representatives. But on the other hand, the company can't start panic and change its internal operations everytime someone recommends a new idea. It was mentioned that Bidfood Czech Republic is a part of global company called Bidvest with its food division called Bidfood. This connection offers useful knowledge from subsidiary companies all over the world, for example idea of introducing eshop came from Bidfood New Zealand. The disadvantage of this approach might be in different customers' habits in various countries, where Bidfood operates on the gastronomic market, which showed example with eshop.

If recommendations mentioned above won't be followed, the logical consequence is, that dissatisfied chefs will change their food suppliers. That is common as well as situation, where the chef will return to previous food supplier. Switching between various food suppliers is relatively easy in gastronomic business, if the restaurant isn't under specific contract (that is pretty rare and it applies to franchise restaurants for certain period of time). According to SETHI, chefs or owners will pay the attention to costs, quality and prices in order to keep its businesses competitive. [27]

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9. Supplements

Sample of questionnaire

How important is each factor for your business?

Factor	Value
Price	
Quality	
Range of goods	
Choices of supply	
Sales representative	
Eshop	
Bidfood Tour	

Source: own work