

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

Department of Management



**Diploma Thesis**

**Public Relations and Advertising as Marketing Tools**

**Author: Anna Netřefová**  
**Supervisor: Richard Selby**

© 2009 Prague

## **Declaration**

I hereby declare that I have worked on my Diploma Thesis titled “Public relations and advertising as marketing tools” solely and completely on my own and that I have marked all quotations in the text. The literature and other material I have used are mentioned in the Bibliography of the Thesis.

Prague

.....

Signature of the student

## **Acknowledgement**

I would like to express my deep and sincere gratitude to my supervisor Mr. Richard Selby, whose help, stimulating suggestions and encouragement helped me in all the time of research for and writing of this thesis.

I am deeply grateful to Ing. Raid Namura, whose extensive discussions around his company Al-Namura Ltd. and interesting explorations in operations have been very helpful for this study.

I would also like to take this opportunity to thank my family especially my parents for endless support during my studies.

**PUBLIC RELATIONS AND  
ADVERTISING AS MARKETING TOOLS**

**PUBLIC RELATIONS A REKLAMA  
JAKO NÁSTROJE MARKETINGU**

## **Souhrn**

Marketing je velmi účinný nástroj, který společnosti používají k vytvoření nebo upevnění strategické pozice na současném vysoce konkurenčním trhu. Každá společnost, která chce této pozice dosáhnout, musí znát potřeby, přání a preference svých zákazníků. K poznávání zákazníků slouží aktivity marketingové komunikace. Public relations a reklama se řadí mezi tyto aktivity a jsou považovány za jedny z nejdůležitějších nástrojů, které zákazníky informují o dané společnosti a přesvědčují ke koupi produktu.

Hlavním cílem této diplomové práce je analýza aktivit public relations a reklamy včetně jejich použití a zhodnocení v praxi. Pro tuto analýzu byla vybrána česká společnost vyrábějící energetický nápoj Big Shock!, u které byl proveden průzkum pomocí metod: literární rešerše, analýza dokumentů, hloubkový rozhovor s vedením firmy a posléze zpracování analýzy preferencí zákazníků.

Na základě výsledků z dotazníkového šetření a výše uvedených metod byly vypracovány návrhy a doporučení na zlepšení aktivit uvedené společnosti v oblasti marketingové komunikace.

## **Klíčová slova**

Marketing, reklama, public relations, komunikace, zákazník, nástroj, media, energetický nápoj

## **Summary**

Marketing can be a very strong tool used to help a company build or maintain its strategic position in a competitive marketplace. The company has to know its customers, their needs, their wants and their wishes. It is for this purpose that a company finds marketing communication necessary. Public relations and advertising are counted among these activities and are considered to be the most important marketing tools which persuade customers to buy their products.

The main aim of this diploma thesis is to conduct an analysis of public relations and advertising activities through their use and evaluation in practice. For the analysis was chosen Czech company producing energy drink Big Shock! where the research was made using following methods: research of existing literature, an in-depth interview with the management, and an analysis of consumers' preferences.

On the basis of the results of the above mentioned analysis were created proposals and recommendations for improvement of the company's marketing communication tools.

## **Key words**

Marketing, advertisement, public relations, communication, customer, tools, media, energy drink

# Content

<b>PUBLIC RELATIONS AND ADVERTISING AS MARKETING TOOLS.....</b>	<b>1</b>
<b>SOUHRN.....</b>	<b>2</b>
KLÍČOVÁ SLOVA.....	2
<b>SUMMARY .....</b>	<b>3</b>
KEY WORDS .....	3
<b>1. INTRODUCTION .....</b>	<b>6</b>
<b>2. OBJECTIVES OF THE WORK AND METHODOLOGY.....</b>	<b>8</b>
<b>3. PUBLIC RELATIONS AND ADVERTISING AS MARKETING TOOLS .....</b>	<b>10</b>
3.1. MARKETING AND MARKETING COMMUNICATION .....	10
3.2. PUBLIC RELATIONS .....	12
3.2.1. Definition of PR .....	12
3.2.2. Division of the PR activities.....	13
3.2.3. Target groups of PR .....	15
3.2.4. Public relations tools .....	17
3.2.5. The use of the media in public relations.....	18
3.2.6. Setting targets in PR.....	20
3.2.7. Crisis Communications .....	21
3.3. THE RELATIONSHIP OF ADVERTISING TO PUBLIC RELATIONS .....	22
3.4. ADVERTISING .....	23
3.4.1. Definition and goals of advertising .....	23
3.4.2. Types of advertising .....	24
3.4.3. Making the advertisement .....	24
3.4.4. Advertising medium.....	25
<b>4. RESEARCH: A CASE STUDY OF A SELECTED COMPANY.....</b>	<b>28</b>
4.1. COMPANY PROFILE .....	28
4.2. HISTORY OF THE COMPANY .....	29

4.3.	COMPANY'S PRODUCTS .....	30
4.4.2.	COMPETITION .....	34
4.5.	ANALYSIS OF PR ACTIVITIES IN THE COMPANY .....	37
4.6.	ANALYSIS OF ADVERTISING ACTIVITIES IN THE COMPANY .....	39
4.7.	ANALYSIS OF THE CUSTOMERS PREFERENCES.....	43
<b>5.</b>	<b>ANALYSIS OF THE EFFECTIVENESS OF PUBLIC RELATIONS AND ADVERTISING IN THE CHOSEN COMPANY .....</b>	<b>58</b>
5.1.	CONCLUSION OF ANALYSIS OF THE CUSTOMER PREFERENCES .....	58
5.2.	EVALUATION OF THE EFFECTIVENESS OF PR AND ADVERTISING ACTIVITIES AND RECOMMENDATIONS .....	64
<b>6.</b>	<b>CONCLUSIONS.....</b>	<b>69</b>
<b>7.</b>	<b>BIBLIOGRAPHY .....</b>	<b>71</b>
<b>8.</b>	<b>SUPPLEMENTS.....</b>	<b>76</b>



## **1. Introduction**

Marketing activities form the core activities in companies trying to build or maintain their position in the marketplace. The link between a company and its environment form the basis for marketing communication activities. Their importance is only growing because of the increasing development of new technologies.

Public relations (PR) and advertising are just two parts of marketing communication activities. Advertising can be regarded by the public both positively and negatively: one way or another it influences people's opinions and attitudes. For example, when they go to buy shower gel, they are confused by the dozens of brands in the shop and so will probably buy the one which seems most familiar to them.

Advertising has to generate interest from people in the first few seconds. Otherwise their attention drifts and they stop reading it or change the channel. This depends on creativity, text, colours, format, and length of the ad itself. Companies are spending huge amounts of money every year trying to create ads that attract customers and persuade them to buy their product.

Advertising and PR are closely associated with each other. Their activities might have similar goals but use different means to reach them. PR is aimed at creating and preserving goodwill, while trying to build up and improve relations with external and internal environment of the company.

Consumers have become more exacting thanks to a growing number of producers who are offering similar products at competitive prices. The trends in the market are constantly changing. If the company wants to succeed in a competitive marketplace, it has to adapt its products and services to the market requirements. Marketing activities are responsible for the feedback from the customers and try to find out customers needs and preferences.

A company which listens closely to its customers can develop products according to their needs. This cooperation between company and its existing, as well as potential, customers increases overall satisfaction, while helping the company to reach its goals through effective use of marketing communication tools.

Even long established, traditional, successful companies have to use some level of marketing activity, which keeps them in contact with a rapidly changing marketplace and helps them to adapt to it.

## **2. Objectives of the work and methodology**

The main aim of this diploma thesis is to analyze PR and advertising activities of a selected company and evaluate them. Furthermore this paper focuses on the use and need for energy drinks and their consumption. Data was gained through the use of a voluntary questionnaire, subsequently used to conduct research and to make recommendations based on the results.

Elaboration of this paper is based on the information and knowledge gained from the books related to the topic: also used were magazine, articles and internet websites related to this issue, plus internal documents provided by Al-Namura Ltd.

This diploma thesis is divided into two parts: theoretical and empirical part. The first part presents general information about PR and advertising activities. Goals, and the ways these marketing communication tools are used in reaching them, will be characterised and the differences between them will be emphasized. The theoretical part of this paper is based on the literature review. This part is focusing on the analysis of the issue and related topics using literature review from books and technical papers related to this topic. All the resources used to elaborate this part are listed in the bibliography.

The second part of the paper consists of the empirical part conducted through personal research. In this part is firstly characterised the company Al-Namura Ltd, its history, its current operation and the products it offers. Furthermore, the Czech market of energy drinks will be examined with a basic description of their competition. Advertising and PR activities are analysed in the Al-Namura company using the knowledge from the theoretical part of this paper. Methodology of the practical part contains analysis of internal company documents provided by the Al-Namura and an in-depth interview with manager of the company. These methods are used to characterise the company and to analyse its PR and advertising activities. In the second section of the practical part is used analysis of customers' preferences based on the data obtained from the questionnaire research. This research is focused on high school and university students and their preferences. Hypothesis,

which will be set in the very beginning of the paper, will be either confirmed or disproved. Results from this research will be evaluated using consumer preferences of high school and university students. Recommendations concerning advertising activities will follow.

The results of the research will be summarised and recommendations presented in the conclusion of this paper.

### **3. Public relations and advertising as marketing tools**

As one can deduce from the title, the focus of this thesis requires that the terms “marketing” and “marketing communication” be clearly defined, for they will be thoroughly discussed throughout this paper.

#### **3.1. Marketing and marketing communication**

There exist many definitions of marketing in specialized publications. It is beyond the scope of this paper to analyze which one is the most precise. The most appropriate for the purposes of this thesis were chosen. At first the shortest but accurate definition of marketing: *“Meet the needs with the profit.”*[12]

The first definition is very general and simple. If we need to define marketing more precisely, it is better to use technical definition: *“Marketing is process associated with promoting for sale goods or services. The classic components of marketing are the Four Ps: product, price, place, and promotion-the selection and development of the product, determination of price, selection and design of distribution channels (place), and all aspects of generating or enhancing demand for the product, including advertising (promotion).”* [16] This Four P model is called marketing mix. This thesis deals partly with the fourth “P” promotion as it applies to both public relations and advertising. The fourth “P” promotion has its own communication mix described later in this chapter.

Marketing communication represents for the company communication with customers when some goal has to be achieved. It forms part of marketing activity which inform customer about product and try to persuade him to buy this product. [12] *“Marketing communications (or marcom) are messages and related media used to communicate with a market. Those who practice advertising, branding, direct marketing, graphic design, marketing, packaging, promotion, publicity, sponsorship, public relations, sales, sales promotion and online marketing are termed marketing communicators, marketing communication managers, or more briefly as marcom managers.”*[29]

Marketing communication covers different types of commercial communication. They are divided according to their goals. First group usually motivates people to buy product, second creates relations to brand, product or company. The difference among them can be described by one simple example. Imagine there are two car companies. Their cars are equivalent as regards price, utility value etc. (including services etc.). They might present same or at least very similar information in their advertising campaigns. If this situation occurs, customer will have no preference and will be indecisive. This is the situation where PR can help, it might help to improve relations to one of the brand, increase reliance etc. Customer will make his decision according to the feelings he has thanks to PR activities. He will prefer one of these brands because he trusts it. This example is typical for present market, because using same technologies, materials, channels of distribution is common in global environment. Personal feeling then make customer to purchase product. [10, 11]

As advertising is part of our everyday life it is very often considered to be the most important part of the marketing communication activity, but doesn't have to be necessarily. Marketing communications mix consists of 6 main types of communications:

- 1. "Advertising (advertising in TV and press, product packaging, broadsheets, posters, leaflets, catalogues, billboards, audiovisual materials, symbols, logos, videocassettes etc.)"*
- 2. Sales promotions (competitions, games, lottery, presents, samples, trade fair, exhibition, coupons, sales, amusement, loyalty programs etc.)*
- 3. Events and experiences (sports, amusement, festivals, arts, excursions in factories, street activities etc.)*
- 4. Public relations and publicity (speeches, seminars, annual reports, charity, publications, lobbying, company's journal etc.)*
- 5. Direct marketing (sales presentations, sales meetings, trade shows and trade fairs etc.)*

6. *Personal selling (catalogues, telemarketing, e-shopping, teleshopping, fax, e-mails, voicemail etc.)*”[12]

### **3.2. Public relations**

PR form very important part of marketing activities. The primary importance of marketing is to support and improve sales and market share. PR supports services for marketing activities, which develop and promote good reputation among consumers, and support sales activities. PR activities benefits from customer feedback, especially important in the internet age, as the speed of communication moves faster and information as well: both good and bad ones.

#### **3.2.1. Definition of PR**

The term “public relations” has been used very frequently last few years. It can be seen in newspaper, television or is discussed in business activities. Most of the people have already heard this term but just few of them can define it or explain what does this branch of activity deal with. There are many definitions of this term that may slightly differ but still have the same main meaning. A common definition that describes PR in general: *„Public relations help an organization and its publics adapt mutually to each other.”* But the technical definition is more broad: *"Public Relations is a set of management, supervisory, and technical functions that foster an organization's ability to strategically listen to, appreciate, and respond to those persons whose mutually beneficial relationships with the organization are necessary if it is to achieve its missions and values."* [30]

There are many goals that can be reached thanks to public relations. The most important benefit from PR activity is considered to be: generate goodwill and provide (potential) customers with info about the company. These benefits are the most important for the company. Especially company publicity is regarded as sign of success because this helps company to sell the products, get new suppliers, resellers, promote the sale, satisfy shareholders, help gain protection against price competition, and may help to introduce new product to existing market or to reintroduce product whose sale

ability decreased during the years. The more people know about company the more they feel familiar with its products and trust it. Reputation of the company is usually connected with the specific product. PR plays a major role in supporting the promotion of a new product. This is especially important when company comes up with something innovative that has never been on the market till now. In last few years there have expanded new product mostly electronics such as mobile phones or car navigation systems. In situations like this PR has to provide information campaigns, training and has to explain people what can these things do and how to use them. All of the above-mentioned aspects have an important impact on customers. Customer confidence in the company is influenced by many factors, and this confidence should be strengthened. Using an effective PR campaign can build consumer confidence in short term and build brand loyalty in the long term.” [15]

### 3.2.2. Division of the PR activities

Some authors tend to divide PR according to the type of publicity into several categories.

Table 1- PR division

Corporation				Marketing
Internal	External			
	Public affairs	Financial	Media	
Employees	Public	Investors	TV	Suppliers
Employee's family	Local community	Banker	Radio	Distributors
Labor unions	Government	Consultants	Press	Competitors
Shareholders	Trade association	Stock market	Trade press	Wholesale merchant
	Pressure group (lobby)			Retail dealer

Source: [2]

According to the table above, PR is divided into two subsets listed here as corporation and marketing PR. Corporate PR is focused on building reputation



and image of the company in the eyes of general public. Marketing PR takes into account mainly profit. Both of these types are close-knit and support each other.

Corporate PR is then subdivided into internal and external part. Internal part includes employees, employee's family, labour unions and shareholders. External relations are formed with institutions of public affairs, financiers and media workers.

Another division that is not recorded in the table is direct and indirect structure. Direct PR affect target groups straight and indirect use intermediaries. Intermediaries are for example employees or media. Maintain a good relation with media is not so much important by itself. The importance is in the ability of the media to influence public opinion. Media play here just the role of interlink between the company and the target group. Employees can be considered as direct target group as well but in different point of view can be interlink between company and other parts of public such as suppliers, distributors, local people etc. [2]

All operations, which management intends to make and which in any way affect any group of company's environment, whether in terms of customers, employees, share holders, etc., is necessary to consult with the staff of PR, because well led PR campaign can pre-empt errors. However no PR worker can guarantee the prevention of any errors and it is therefore substantial part of its work to be prepared for possible crises or emergencies. *"His scope of employment is monitoring of potential problems, preparation for unpredictable emergencies by for ex. creation of factual materials. And in the event of emergencies he has to be ready to provide complete truthful information."* [15]

The main activities of PR are relations with the press, whose target is to place in the media message that informs you about the company or its product. This also affects the public and creates the overall image of the company.

PR can influence the opinion of sceptical people. Even people who don't like advertising or direct mail can be interested in news, new trends, innovations etc. which are published in the newspapers thanks to activity of PR department. This situation occurs quite often because people consider information in media more reliable, more interesting and objective. This is due to the fact that advertising is created by the company itself who pays for it as well. You will never see or hear advertisement

saying something bad about specific company. In contrast to advertisement, news in media is usually free of charge and is objective because you can hear also negative opinions about company. However this fact has also some negative impacts for example PR can not control the content of these news in media and can't influence the matter of timing. [2]

### **3.2.3. Target groups of PR**

PR plays important role in communication with customers. It has power to influence consumers and their wishes and demand. Their wishes are made not only by advertising campaign but also by opinions they read in the newspaper, they are influenced by other people's ideas. In a competitive marketplace, PR can help attract customers who are currently dissatisfied with a competing product. [8, 23]

At this point it is helpful to define this term "consumer": *"Consumer is a word used quite broadly, but in general refers to the end-user of a company's product or service, that is, the person who pays for and consumes that product or service. In a non-for-profit context, a consumer may be a client of a public organization, benefiting from the services that organization has been created and funded to offer. In a political context a consumer can be a voter. Equally, consumer can be defined as the person on whom organization depends for the money, effort, time, or votes which sustain it."* [3]

Another very important part of PR activities is relation between the company and its employees, loosely defined as Employee relations. This part of PR covers all relations that appear in the company. These internal relations are reflected to the public both ways: *directly*- for example by the shop-assistant who is unhappy about the company's benefits policy and so will be less motivated and her negativity could influence potential sales activity (she is also less motivated to sell the product and can be impolite or even rude to customer); or *indirectly*- for example by the company executive who talks about his troubles with headquarters in public. This can influence credibility of the company in the eye of the customer should someone happen to listen carefully to what is being said. That is why mutual confidence has to be deepened. For these purposes are used many tools for example: job promotion, career goals with

performance incentives, and continuing educational opportunities (this can include some seminars in the field of their job but also languages, driving school and others), salary, providing information for employees, distribute materials about company (company's position on the market, market share, profit, about future plans etc.). All these activities form part of the PR and help to make this company very known and successful in this very competitive atmosphere in the market. If companies follow these steps, they will become attractive for young, educated and prospective people who will want to work for them and they can increase companies' values because they are one of the bests in their field of work. [15, 23]

Next important part of the company's environment consists of investors and shareholders. *"Gaining confidence is a long-term process, which effectively uses carefully prepared annual report, regular meetings with shareholders, the transmission of information about the organization to editor's office."* [15] Investors and shareholders are looking for information that will help them make strategic decisions and they need exact, truthful information on time.

Suppliers are also very important surrounding of the company. Good relations with suppliers significantly affect public attitudes towards organization. Suppliers prefer strong company who has a future, pays on time, plays fair etc. *"It is therefore necessary to establish best practices that will strengthen the view that the organization is and in the future also will be better customer as a result of its success- thanks to increasing growth of its size and power."* [15]

Another group, which is involved in PR activities, is certainly group of competitors. When company has sufficient respect, it is considered as a great pride and impacts attitudes of the public. This fact supports the competitiveness of the company and strengthens its power and position in the market. Competitive firms will not risk this threat and will rather cooperate with such organization. [15, 23] Among other major groups can be sorted state administration and local government. This is a very specific area that can represent clients as well as investors, operates mainly through laws, regulations and decisions.

### 3.2.4. Public relations tools

When company has good image in public, further marketing activities such as advertising will be accepted in more positive way. The other way round, if company has bad reputation in general public, no advertisement campaign can be successful. For building good relations are used public relations tools. Among these tools are counted:

- *“Publicity (press release, briefings, conferences, interviews, annual reports)*
- *Events (presentation of new product, anniversary of establishment of the company etc.)*
- *Lobbying (representation and presentation of company’s opinions in conferences with lawmakers and politicians, data acquisition and transmitting of information*
- *Sponsoring (cultural, political, sport, social activities; is connected with participation and interest of the company in local affairs)*
- *Company’s advertising (connection of advertising and PR, it is not focused in concrete product but in the company as a whole; the aim is to improve goodwill, reputation and image of the company” [8]*

Publicity is concerning press relations whether the attention that is dedicated to the company unexpected and unwanted (for example in the time of crisis) or cooperation with press in positive way (providing information, for example inviting journalists for presentation of the new product).

Events should improve the relations with the employees as well as with the environment of the company (for example people living in the neighbourhood of the company). *“Lobbying means that producers, distributors, consumers, (but also trade unions and civic associations and societies) provide indirect, unofficial information to political power and to legislative and administrative bodies. True but hardly accessible information are given to the people who decide about this topic.*

*And producers, distributors and consumers are willing to be informed about planned legislative provisions and they can prepare their companies for these changes.”[8]*

Sponsorship can be defined as an investing of money to the activities that can have usable potential. *„The provision of financial, material support by a company for some independent activity not directly linked with the company’s normal activity but support from which the sponsoring company seeks to benefit.“* [26] Firms promote their interests and brands by connecting them with certain major events or activities (usually events with high social status, or connected with famous people). Some authors separate sponsorship out of the scope of the PR and place it as an individual part of promotion.

Finally company’s advertising play an important role when company goes through reorganisation, has bad reputation and image in the public, wants to present new product, encourage its employees etc. [8]

The above mentioned tools use different ways of communication. These ways are usually not used separately but they cooperate and they form complements in the whole PR activities. Among these ways of communication are counted press release, annual reports, newspapers, television, leaflets, interviews, company’s bulletin etc.

### **3.2.5. The use of the media in public relations**

Mass media is often used for PR purposes. Organizations can use it as a way to inform the public about themselves and their services. If the cooperation between media and organizations is ensured by service providers in the field of PR, they have to observe the following principles. Their work is based on the good name of the representatives of the media, on the knowledge of the media and on qualified work with the information. One of the most important means of communication with the public is, of course, communication through the media. Mass media includes newspapers, magazines, TV, internet, radio. Relations with representatives of the media are important because they affect the views of the public. People pay attention to them. One of the target groups with which it is necessary to build relationships are journalists. It is therefore necessary to make maximum efforts to develop and strengthen partnerships with the media.

PR worker plays the role of mediator between the organizations and the media. The effectiveness of its work depends to some extent on the ability to be representative, impressive; on the ability to talk and negotiate with other people.

The independence of the media is strongly linked to their autonomy. The media in many cases, decide what, when and how will be published. View of the editor and a view of PR worker may be very different. Most of the media takes the issue of accuracy and fairness into account, and to some extent also the objectivity. Competition is the only way how can the reader, viewer or listener choose from multiple views on the matter.

There are three forms of cooperation with the media. The first is a response to the request of the media, which requires preparedness of information sources. The second form is the distribution and information about events. Organizations must therefore constantly keep producing feature reports. The third form is company's own initiative and encouraging the media to transmit information.

A common means of distribution corporate information to the media is the convening of press release, conferences, briefings, etc. These are used only if the organization can offer something really important or useful. In general, the press release is used in the case of a very important new message or extraordinary event that just happened in the company. So it can dispel the rumour and eventually answer any questions. These releases are usually held in the city centre because of lack of time. This is the most suitable solution for both sides- company and journalists. Where it is difficult to move to another location, the meeting room or another room in the building of the organization can be used. Large companies and international companies as well usually select for the releases rather prestigious hotels in the city centre. Company can by this choice influence the journalists as well. It can show them how big importance they attach to journalist and tell them they can afford it. In the case of national importance are sometimes held two conferences at the same time in parallel. Thanks to new technologies can be now used modern and low-cost mode of interconnection of television systems at several conferences so-called videoconference. Place of the conference must correspond to the number of people who are expected to come and take part in it. It should be primarily large enough

for all of these people, but it is also necessary to think about cloakroom, appropriate refreshments, etc. Setting up the guest list is a delicate problem and great attention should be paid to this point. Everyone, who distributes true information about the organization and is interested in the topic of the conference, should be invited.

In the case of the great importance of the report it is appropriate to invite representatives of all types of media. The invitation is distributed thru letter, phone, fax, etc. If we want to know the approximate number of participants, the invitation may be accompanied by a request for a certificate of participation. Press conference is held for the media and so should meet their needs. It is necessary to think out about the time and the arrangement of the conference. Of course, in the event of emergencies such rules are not absolutely observed. Course of the conference should be organized and timesaving. Preliminary is better to instruct a journalist what services they will be provided and what is the program of the conference so it can avoid misunderstanding. [20]

### **3.2.6. Setting targets in PR**

One of the fundamental tasks of PR is to establish good, measurable objectives. The effectiveness of a PR campaign can be measured from these since then. These targets must correspond to the specific situation and environment, to groups to be addressed, to communications, to the required response and to the time limit. Clear objectives will help to measure PR campaign's effectiveness. If these conditions are met successfully, it is possible to measure achieving of the objectives and to determine the extent to which the PR program is successful, and then concise evaluation can be performed as a means to determine its success and evaluation.

Determining the correct objectives is a time-consuming process that requires careful attention. In the first place, strategy of the company should be cleared up and the way how the firm should be perceived by general public has to be set. Goals that are set here should not be too low, because they will be easily completed, and can lose their value. On the other hand, if the objective is set too high, it may be unobtainable. When setting the specific objective, certain rules have to be followed. For example, company whose aim is to obtain a better evaluation in the field than a specific named company could get

into conflict with the Commercial Code, specifically with part of the unfair competition section §44-52. To determine the objectives the starting situation should be carefully considered. At this stage it is necessary to establish criteria that can be compared. The next step is characteristic of the target groups that need to be addressed. The only way to establish measurable objectives is to relate them to specific target groups. PR is about people, their relationships and views. PR campaign always addresses the group indirectly as well. Subsequently is selected the statement addressed to target groups in terms of content, timing, duration and the expected response. Communication channel that is optimal because of the nature of communications and target groups is specified. The next step is to define the expected behaviour and the resulting reaction. There is a need to establish measurable response for example change of positions. Unlike the advertisement these responses are more measurable in the long-term perspective. In some cases are at first set the responses of the target groups that are expected by PR and then message thanks to which these responses will be achieved. If the above-mentioned phases are completed, it is appropriate to adapt gained findings to time requirements. At the end, PR wonders what needs to be measured to determine whether they met the objectives set. Here it is important whether the PR activities match the resources used. [6] This type of measurement of the target can be called „indicator of success“. There exist another two ways how to measure them: indicator of inputs (measures number of messages, interviews, meetings etc.) and indicator of outputs (measures the coverage of medias, for example place in the press, time in the television and radio dedicated to the company etc.). [2]

### **3.2.7. Crisis Communications**

Crisis communications is kind of common communication but in exceptional circumstances. *“Crisis management, by the definition, is the preparation and application of strategies and tactics that can prevent or modify the impact of major events on the company or organization. At worst, crisis management can be the life-or-death difference for a product, career, or company.”* [3]

PR plays a critical role when company falls into crisis. Mass media feeds on bad news, which mean company should prepare for crisis management as much



as they possibly can. Set of rules and processes need to be prepared. Good image can be positive but major attention will be given to the ability of the company to provide valuable, credible and convincing information in the short time. High-quality plan should follow the principle that main objective of PR is to provide journalists with truthful, precise information.[2] Robert L. Barbour, a former editor of “Public Relations Reporter” gives simplified instructions how to work out the plan for case of crisis event. *“The first step is to draw up a list of all events that may occur. Then develop a plan which will be followed in the case of crisis step by step. The next step is the organizational and technical precaution. The final step is eventually possible division of tasks and the personal responsibility to individual workers.”*[15]

### **3.3. The relationship of advertising to public relations**

The terms “public relations” and “advertising” are very often confused. Even when they might use same media, use creativity or influence same target group, they have different meaning and influence public in different but similar ways. Both advertising and PR are creating image of the company.

Advertising is used to sell specific product or service in a target market. It is creating image of the product. PR in contrast focuses on the company as a whole trying to develop its reputation and goodwill.

Advertising is paid to, by the company so it can control what will be said, when and to whom. PR is usually free but there is no guarantee what will be the content of the message. But this message can be seen by the public as more objective.

Advertising has measurable results and is rather short term activity, so the effect is also only temporary. PR is rather long term process where it is hard to say if it has been successful (some concrete goals need to set in the beginning as described in the previous sections).

Main goal of advertising is to inform customers about product or service, compare this product with competition (indirectly to avoid unfair competition) and finally persuade customer to buy this product. On the other hand PR goal is to make good relations, inform people about company and lobby for it where needed.

The main difference is very often seen in the way of communication. Advertising is considered to be one way communication, where message is communicated from the company to the customer. PR is two way communication where feedback is very important part of communication. [5, 6]

### **3.4. Advertising**

Advertising is component of marketing promotional activities that is necessary to create or maintain to survive in the competitive environment of the marketplace. Almost everyone is able to name at least few advertising tools. Advertising forms part of our everyday life. People can see or hear the ads almost everywhere: on the television, the radio, the street, in the bus, on the tram, even on the toilet in restaurants etc. It is hard or even impossible to go out without being in touch with advertising in some way. What exactly do we mean by the advertising, what are the tools and legal regulations in the Czech Republic will be stated in the following chapter.

#### **3.4.1. Definition and goals of advertising**

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services of a specific sponsor. The sponsors may not be only the businesses and companies, but also museums, professional or for example social organizations. It can be defined as: *“The use of paid-for space or time in publications, on the Internet, on television, radio and in the cinema, on poster and other outdoor sites, is seen as a means of persuading people to take a particular course of action or to reach a point of view.”* [28]

The aim of the advertisement is basically to inform customers about products or services and to emphasize its positive characteristics. The advertisement should make them feel that they need this product and will go to buy it. The subject of the advertisement may vary a lot. It can present specific product, product line, service, brand name but can be focused also on the town or specific region of the country.

Similar to PR activities, advertising has to be focused on a specific target group, for example: households, factories, athletes, students, which might serve target specifically to Prague for example.

### 3.4.2. Types of advertising

Advertising serve different purposes. The first type of advertisement is called informative; some authors [14] call it an introductory advertisement. This division is done according to the stage at which the product is in its life cycle. The informative advertisement presents to the public a new product, it describes its characteristics and innovations. Second type can be called persuasive. Its major role is to persuade the customer that the product is the best one by comparing to their competition's products. When comparing products, it is necessary to be aware of mentioning the competitors, because in the Czech Republic, it can be in contrary of the Czech law against unfair competition. The third type is called reminding. This one is used for products that are already known in the market. Remindful advertisement is used for example before the coming season to remind customers the product. [8, 14]

### 3.4.3. Making the advertisement

The process of making the advertisement has to follow sequential steps.

- At first, **the aims of the advertising campaign** have to be set. These aims should be concrete as much as possible. The concrete aim can be for example to increase sales until the end of the current year by 15%.
- Then the **target group** has to be identified. It is necessary to find out the needs and preferences of the people to which the advertisement is addressed.
- The third step is to determine **the budget**. At this stage, the possibility of using different advertising agencies, are considered.
- One of the most important things is **to draw up the message**. This might include the most important part that is communicated to the customer. This part can be done using very well known formula AIDA (Attention, Interest, Desire, Action).

**Attention-** people are usually interested in something new that is why the advertisement has to be creative- to attract people. **Interest-** when customer is already paying attention to the product it is time to interest him. The message has to be understandable for the target group, should be simple and clear. Formula KISS- Keep It Short and Simple might be helpful. And it is necessary to use appropriate language. **Desire-** evokes a desire for the product. The advertisement has to touch the customer's emotions. D is also explained as the decision, means the decision to buy the product. **Action-** the customer buys the product whether it is rational or emotional. Influencing the customer to buy the product is the aim of the advertisement no matter the reasons.

- Next step is **choosing the appropriate media** for the ad, taking into consideration the budget, the target group and the message to be communicated.
- Timing of the advertisement is quite important as well. In this stage it is necessary to state what **kind of advertisement** will be created. It can be an ad running all year long, adjusting the intensity of the advertisement to the season or single advertisement where it is published just uniquely but with high intensity for example an ad informing about special event.
- At the end **the evaluation** of the effects is done. This is also called the feedback and measures the extent to which the targets set out in the beginning of the advertising campaign were fulfilled. [8, 14]

#### **3.4.4. Advertising medium**

The selection of the medium is a very important action which has to take into consideration the target group, the message and the budget. This action can be basically divided into two steps: choose of the media according to the targets we want to reach; and setting the combination of the media and implementation into concrete newspapers, radios, TV channels etc.

The media are sorted to five major groups: the press, the radio, the television, the outdoor advertisement and the internet.

## **The press**

The press include newspapers, magazines but also catalogues, internal publications etc. However, the main categories form newspapers and magazines.

The main advantage of the newspapers is the number of the people they can reach. The newspapers are usually considered as the objective source of information. The message that needs to be communicated can vary according to region, which might be helpful. The disadvantage can be seen in the low selectivity and poor quality of the reproduction (newspapers are usually black and white printed in low quality paper). The advertising lasts very short time, usually just one day because newspapers are published daily.

The magazines can reach specific target group. It is selected according to the group of reader (PC magazines, car magazines, magazines for women, children, man, teenagers or for example magazines for professionals like medicine, civil engineering etc.) The quality of the reproduction is usually quite high because it is printed in colour on the high-quality paper. The lifetime of the advertisement in the magazine is usually quite long compared to the newspapers because magazines are usually read many times and can be shared by few people. The prestige of the magazine plays a major role in the placement of the advertisement. If the advertisement is placed in the prestigious magazines, the product in the advertisement is considered to be prestigious as well. For example the advertisement on the mascara placed next to the article about luxury cosmetics. Among disadvantages are listed long time of the realization (long time from the order and the realization of the advertisement), overfill of the magazine by the advertisements and can't be targeted according to the region of the country.

## **Television**

Television is considered to be the most effective but also the most expensive advertising medium. The main quality of the TV is the audiovisual form of the advertisement, which is the most intensive form with great impact on the emotions of the people. It can influence mass public but can be considered as selective as well (according to the program it is placed in). The main disadvantage forms the high costs. The prices differ according to the channel, the time, the day

and the length of the advertisement. That is why these ads are usually of 20-30 seconds. There are hundreds of advertisements in the TV so people usually don't pay attention to them, even sometimes switch the channels.

### **Radio**

The ad in the radio can reach many target groups. Each radio has its own program and their listeners have usually something in common, they form specific target group. This kind of the advertising campaign is relatively low cost. On the other hand the radio is very often used as a background, so people don't pay much attention to the content of the ad.

### **Outdoor advertisement**

The billboards, ads on the buses, trams, trains, bus stops and many others form the outdoor advertisement. These types are usually effective because they can be seen many times and the lifetime of the ad is very long. The outdoor ads can have national or just regional impact. In this type of the ad, the mode of presentation is very important. It has to be readable, for example the billboards around the roads have to be readable for the drivers (simple design with big letters is the best solution). The disadvantages are long time of realization and low selectivity (only widely defined target groups can be reached).

### **Internet**

Internet advertising is one of the newest forms of ads. The cost is not high when taking into account the fact that thousands or millions of people can see it every day. Today's technology is so good that for example browser shows you the ad that is related to the topic you entered. The capacity of the net is almost unlimited and the time of realization is short. There are strong positives but also strong negatives. There are so many ads on the internet that people get confused of it and might not pay attention to them. On the top of it, there exist pop up windows that annoy users of the internet. Some ads are very well elaborated but can have many GB so it is very slow to load it and that slows down the work of the user. [2, 28]

## 4. Research: a case study of a selected company

### 4.1. Company profile

**Company name:** Al-Namura Ltd.

**Subject of enterprise:** Purchase of goods for resale and sales  
Real estate  
Trade intermediary  
Production of drinks  
Accounting

**Firm domicile:** Lysolajské údolí 107/25  
165 00 Praha 6  
IČO: 45795436

**Offices:** Přemyslova 131  
278 01 Kralupy nad Vltavou

The practical part of this diploma thesis consists of the analysis of the PR and advertising activities in Al Namura Ltd. Furthermore, research compares preferences in energy drinks between high school students and university students. Recommendations for improving Al-Namura marketing activity will be made. For the purposes of this paper a Czech company that is still trying to establish its position in the Czech beverage market has been chosen. Its market share has steadily increased to make it the second largest distributor to that of Red Bull. Shock's primary export market is EU trying to establish European brand as well as Czech one.

The Al-Namura Ltd. imports and distributes different kinds of products: Iced Coffee Mr. Brown, English Tea Ahmad Tea, Maple syrup from Canada, Non-alcoholic beer Bavaria, Chips Pringles, French mustard Bornier. But its main product is the Big Shock! energy drink.

Al- Namura has its own distribution chain and is available in most big chains such as Makro, Tesco, Globus, Julius Meinl, Kaufland, Billa etc.

Besides the above mentioned chains Al-Namura distributes its products to petrol stations (Shell, OMW, Aral, Esso, Jet, Benzina etc.). The Mr. Brown item is one of the most popular drinks in the petrol station shops.

Apart from that Al-Namura is also supplying wholesalers directly like- hotels and gastro points for example. Ten salesmen are responsible for distribution in the territory of the Czech Republic. The distribution is provided primarily to wholesalers and chains. For export, importing parties provide their own transport services.

Figure 1- Territory division



Source: [9]

#### 4.2. History of the company

The company was established in 1992 as “Al-Namura Trading” and started by importing two kinds of “Ahmad Tea” thereby gaining exclusive representation in the Czech Republic. In the following year were hired first employees and its range of teas was extended. Since then Al-Namura gained sole distribution rights to Panex for sales of maple syrup, and started importing Mr. Brown Iced Coffee, plus it expanded the range of teas to nearly one hundred different types.

Till the year 2002 the company hired more than 20 employees, entered into the contracts with chains “k markt”, “Pronto” (later renamed to Julius Meinl), Tesco, Lekkerland, Pronto plus, Delvita, Spar, Makro, Carrefour, Penny, Globus and Kaufland and Ahold.



The company transformed to “Al-Namura Ltd” in 1996. In 1997 the company got its own warehouse in Kralupy nad Vltavou, where it has built new logistic centre five years later. Since the year 1992, when the company was established, till the year 2003 Al-Namura activities has consisted of importing products from abroad.

In the year 2003 the company started to produce its own product the Big SHOCK! energy drink and introduced it on the Czech market. The company’s headquarters were moved to new site in Kralupy nad Vltavou and its focus goes from selling to retail vendors to wholesalers and chains. In 2007, Al-Namura started cooperation with the Dutch company Bavaria and won exclusive representation in sales of Bavaria non-alcoholic beer.

Finally in the year 2008 the company begins distribution of two more well-established brands: Pringles Chips and Dijon mustard Bornier. In the year 2009 will try to expand to other European countries- France being the first on the list. [1]

### **4.3. Company’s products**

#### **Mr. Brown ice coffee**

The Mr. Brown Ice Coffee drink was introduced by the Taiwan Company „King Car Company Co.“ in 1979. The brand has a global presence; it can be found on shelves all over the world. It is sold on trains and buses, at sport stadiums, public swimming pools, and open-air concerts. It has become very popular among drivers thanks to being sold at petrol stations.

#### **Ahmad Tea**

The company Al-Namura Ltd. offers a wide range of traditional English teas, “Ahmad Tea”. It offers a variety of teas for everyone. Ahmad Tea supplies different packaging including the traditional loose tea or more conventional teabags.

### **Canadian Maple syrup**

Pure maple syrup, made by the Canadian company **PANEX**, is imported to the Czech Republic by Al-Namura Ltd. It is sold in different packaging and different sizes to fit everyone's taste.

### **Bavaria non-alcoholic drinks**

This non-alcoholic beverage contains barley malt, wheat and hops. In contrast to other non-alcoholic beers Bavaria is truly non alcoholic with zero alcohol content.

*“It is mainly distinguished from the usual "non-alcoholic" beers by the manufacturing process. It is completely alcohol-free, while for other drinks of this type alcohol is only removed at the end of the process. This makes it possible for the true zero alcohol content without affecting the classical beer taste.”*[1]

Al-Namura Ltd. also supplies Bavaria drinks with lemon, apple and marshmallow flavours. It contains 100% natural ingredients.

### **Pringles Chips**

Pringles chips differ from other brands by its manufacturing process. Pringles are made from potato dough cast in forms. Thanks to this manufacturing process they have lower fat content than classical potato chips. There are six kinds to choose from: the "original" type, onion and sour cream, pepper, feta cheese, bacon, and hot and spicy.

### **Bornier Mustard**

French mustards, which are distributed by Al-Namura, are produced with all natural ingredients. They are supplied in six different packaging for both households and restaurants.

### **Big SHOCK! Energy drink**

The main activity of the Al Namura Ltd. is production of energy drink Shock! This energy drink has become quite popular thanks to its taste, ingredients, attractive packaging and price. Big Shock! was the first energy drink on the Czech market with packaging bigger than usual 250ml. The first variant was a 0.5 litre can,

i.e., a not very typical size, which provided energy for the whole day in times of increased physical and mental activity. This non-carbonated beverage contains the maximum allowed quantity of caffeine ( $250 \text{ mg/kg}^{-1}$ ). In addition to caffeine, it contains taurine and a range of vitamins, such as vitamin C, niacin, panthotenic acid, vitamin B6, vitamin B2 and folic acid. This drink became very popular among a wide range of consumers, mainly teenagers and sportsmen.

This non-carbonated Shock! is sold in 250 ml as well. Another type of Shock! energy drink is a carbonated one called Shock! Gold. It is sold in one-litre PET bottles and in the same packing variants as non-carbonated Big SHOCK!, i.e., 500 ml and 250 ml cans. The one-litre version was firstly developed for abroad, but thanks to a high demand in the Czech Republic, it is sold on domestic market as well.

Company has introduced new type of energy drink in 2008 called Big Shock Bitter which is in pink 250 ml can created to attract mainly woman. Bitter taste recalls Campari and added ginseng, ginkgo, Q10 and vitamins should attract woman target group as well. [1]

Figure 2- Big Shock cans



Source: [24]

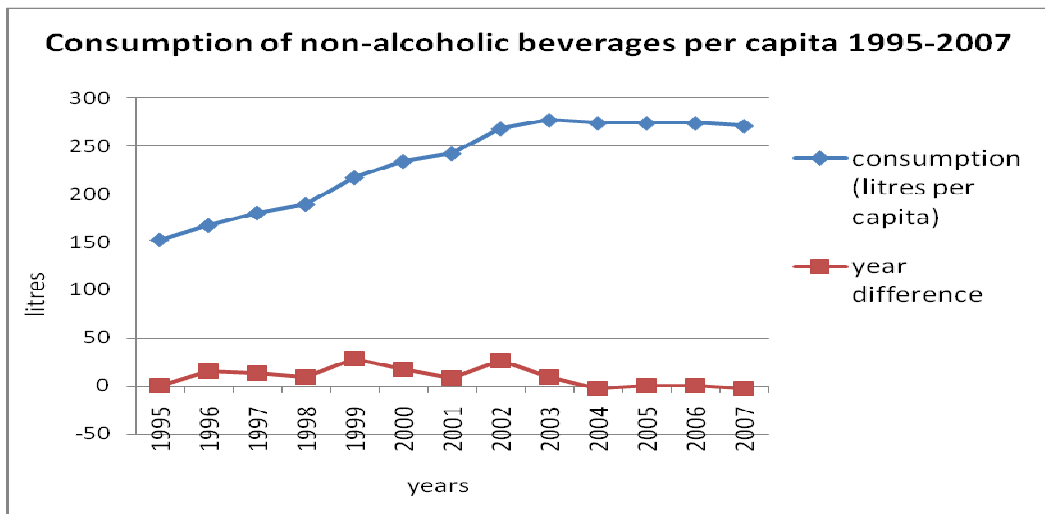
#### **4.4. Analysis of the Czech market with energy drinks**

Energy drinks are consumed mainly by young people, students, drivers or athletes. It is consumed in connection with increased physical or mental activity. Athletic people drink these for more energy, drivers drink them when they are tired but the increasing trend is to drink them at parties and discos mixed with alcohol. When mixed with alcohol, consumers forget about the sedative effects of alcohol, which allows staying awake and dancing all night. But this combination of energy drink and alcohol is not recommended by any of the producer of energy drinks in the Czech Republic.

#### 4.4.1. Consumption

Energy drink consumption increases every year, which is evident in the following two figures. The first figure shows the development of consumption of non-alcoholic beverages in the Czech Republic in litres per capita for last twelve years. For detailed information see Supplement 1 and 2.

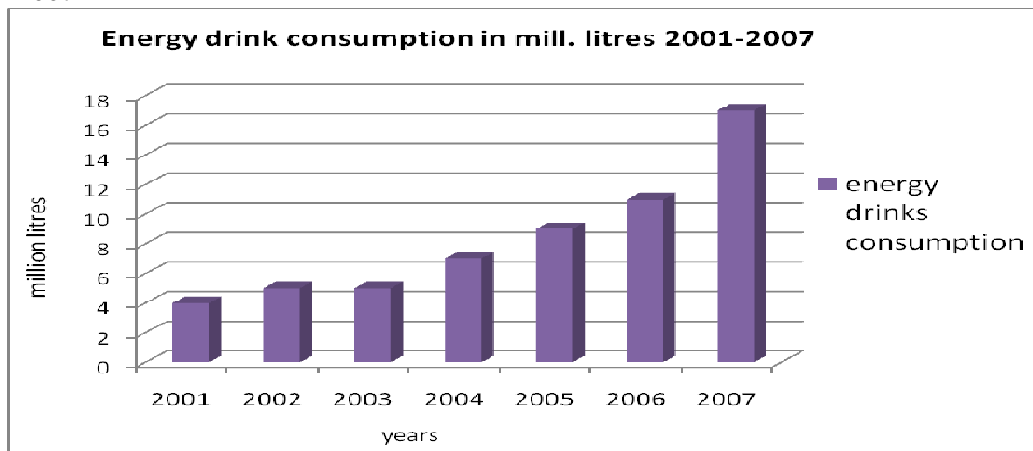
Figure 3- Consumption of non-alcoholic beverages in the Czech Republic in litres per capita, 1995-2007



Source: [27]

The main part of consumption form carbonated beverages and bottled water. The trend in consumption has reached a plateau in last few years. Czech people consume 80% more of non-alcoholic drinks than they did in 1995.

Figure 4- Energy drink consumption in the Czech Republic in million litres, 2001-2007



Source: [27]

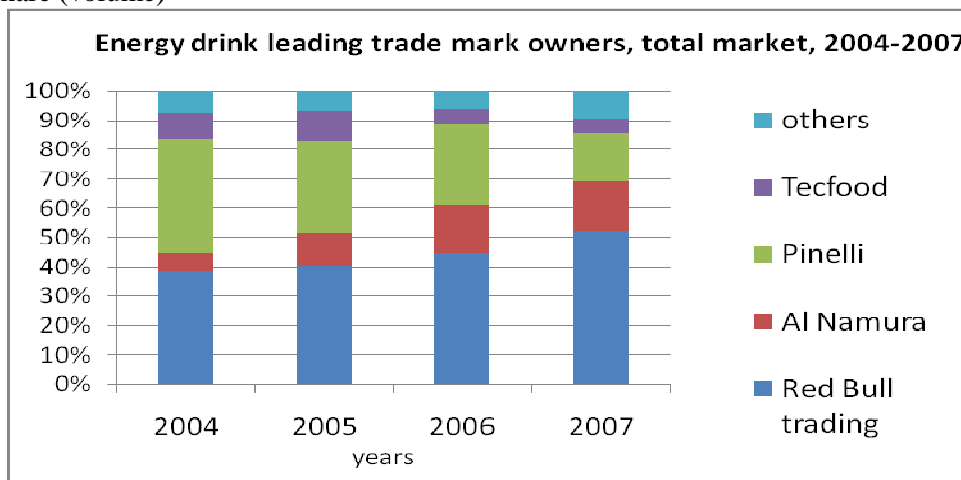
Although demand for non- alcoholic drinks has peaked, the consumption of energy drinks increases. Consumption of non-alcoholic beer is increasing as well.

#### 4.4.2. Competition

There are several products competing with Shock! energy drink in the Czech marketplace. Companies producing energy drinks in the Czech Republic are both local and foreign companies. As major competitors in the Czech Republic can be counted Pinelli Ltd., Tecfood Ltd. and Red Bull GmbH, who are usually producing more than just energy drinks. Some of the Czech companies are exporting their products abroad. There is strong competition between these companies who are using marketing communication tools to attract competitors' customers. Most of them are promoting their products at music festivals or sport events (usually connected to extreme sports, bikes, motorbikes etc.) while running ads on TV, in radio and magazines and other media.

Al Namura has been gaining strategic position on the energy drink market since its introduction in 2003. It has reached almost a 17% market share which is considered a sign of success. In 2004 was its market share about 6%. So its market share has nearly tripled in five years time. (See supplement 3 and 4.) Following figure shows the development of Czech energy drink leading trade marks owners market share in total (counting chains, petrol station, restaurants etc.).

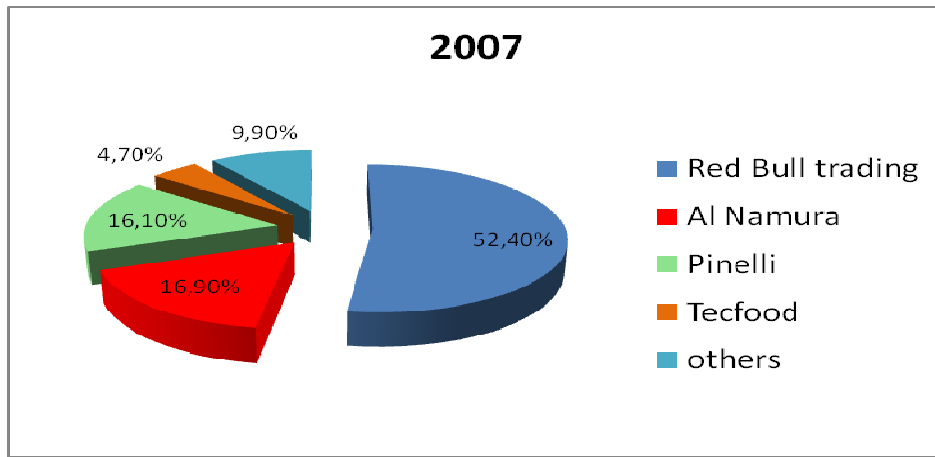
Figure 5- Energy drinks leading trade mark owners evolution 2004-2007, total market, % share (volume)



Source: [24]

In 2007 Shock energy drink was number two to the more firmly established Red Bull with market share of 52% in the Czech energy drink market. The following figure shows more clearly the distribution of the energy drink market as a whole among leading trade marks owners by volume of sold units in 2007.

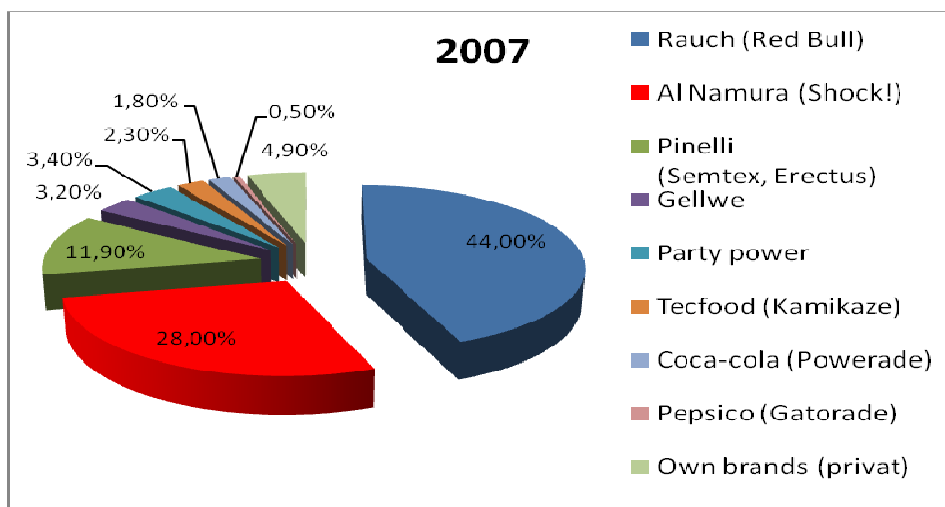
Figure 6- Energy drink leading trade mark owners 2007, total market, % share (volume)



Source: [24]

Energy drink Shock! is a bigger seller in big chain supermarkets because the price is usually lower than in discos, petrol stations etc. The following figure is showing that in the chains has Big Shock! the second position when reaching almost 30% right after the leading Red Bull.

Figure 7- Energy drinks leading trade mark owners, chains market, % share (volume)



Source: [24]

### **Pinelli Ltd.**

The Czech company Pinelli Ltd. introduced its first energy drink in 1995. Since that time Pinelli has broadened its portfolio and is now offering 5 types of energy drinks. Every one of them is unique in taste and design, produced for specific target markets (drivers, athletes, social activities). Pinelli produces: Semtex 250 ml, Semtex 500 ml, Semtex Forte, Semtex Light, Erektus, Green Tea, Iso Sprint a Truck Power. The music festival “Semtex culture” has been an excellent promotional tool, which exposes Pinelli’s products to many new consumers.

### **Tecfood Ltd.**

Tecfood presented its energy drink Kamikaze in 2003. Currently, there are three types of energy drinks produced by Tecfood Ltd.: Kamikaze, Kamikaze sugar-free, Kamikaze strong energy. Kamikaze energy drinks are popular with people attending dance parties and music clubs. It sponsors participants in extreme sports. Kamikaze is well known for its billboard depicting sleeping Minister Schwarzenberg. Advertisement council conciliation board decided that this advertisement violates ethics code of advertising and billboards had to be changed.

### **Red Bull GmbH**

The most popular energy drink is Red Bull, a product with a global presence. Red Bull produces two types of energy drinks: Red Bull and Red Bull sugar-free. It has many different advertisements spread among many different media. These advertisements are usually connected to its main slogan: “Red Bull gives you wings”. Other promotional activities like Red Bull Racing are very popular. Among its target groups belong athletes, musicians, artists and students. Red Bull supports many athletes and musicians, for example it organizes Red Bull music academy. [13]

#### **4.5. Analysis of PR activities in the company**

The Big Shock is primarily targeted at young people since they form the largest share of demand. (See supplement 5 for pictures) Big Shock is presented in many shows, sport activities, music festivals and discos. Here is a list of the most successful ones:

- Okoř Open Air Festival (Okoř)
- Zelenej Zákal Festival (Kralupy nad Vltavou)
- Autosalon 2008 (Šumperk)
- Extreme day 2008 (Železná Ruda)
- Adrenalin Cup 2008 (Děčín)
- Autotuning Milovice 2008 (Milovice)
- 4x4 Shock! Cup 2008 (Mohelnice)

Very popular are also shows organized in discos in different towns all around the Czech Republic. They are called Big Shock Parties. There are Big Shock hostesses usually dressed in short yellow dresses or in a yellow bikini with their skin painted the colour of a Big Shock. The hostesses are there to create fun environment, serve the guests, organize competitions and operate the “Luck Wheel”, where people who bought the Big Shock, can win prizes like baseball caps, T-shirts, lighters and other things with the Big Shock logo. These Big Shock Parties are very popular and take place in many discos in the Czech towns and villages such as Nymburk, Kostelec nad Černými lesy, Brno, Prague, Havlíčkův Brod, Choltice, Hrušovany nad Jevišovkou, Hlušice and many other places.

Big Shock sponsors athletes from many different places. Their sport activities usually correspond to the character of the energy drink and therefore these are mostly young people interested in extreme sports. Big Shock sponsors, for example, young prospective bike riders including extreme activities in this sport: Biketrial, Downhill, Freeride, Dirt Jump, Freestyle BMX and MTB Freestyle. Other activities sponsored by the Company are mountain climbing, yachting, skateboarding, basketball, canoeing and other activities.



Besides the above mentioned activities, PR plays a major role in times of crisis. Problems may occur in any company and are usually unpredictable. The future of the company and the size of its losses depend on the preparedness to face these problems. It is a well known, that negative publicity can be extremely damaging as most media feed off bad news in general. Media influence peoples' lives and once something has been said it is very hard to retract. Al-Namura has suffered from such unpredictability. *“In September 2008, in light of reports from China of infant formula contaminated with melamine, the U.S. Food and Drug Administration (FDA) issued a Health Information Advisory to protect people from products that contain melamine.”* [19] The FDA advised the public not to consume several products due to possible melamine contamination. On this list were listed Mr. Brown Instant Coffees 3-in-1 milk tea products. The producer, King Car Food Industrial Co., used a non-dairy creamer manufactured by Shandong Duqing Inc., China. This was found to contain melamine. This information was reported by Reuters and Czech News Agency (ČTK) as well. Melamine contamination was limited to these products containing instant milk. These Mr. Brown instant coffees 3-in-1 aren't even sold in the Czech Republic. Only Mr. Brown Iced Coffee, which contains milk from New Zealand, is sold in the Czech Republic.

Czech media took the information from the U.S. press and warned Czech citizens of a potential danger that Mr. Brown coffee could be contaminated with melamine. But the Czech press didn't mention that the possible danger was limited to instant products. Al-Namura Company, which is the sole distributor of Mr. Brown Iced Coffee in the Czech Republic, wasn't allowed to defend itself. In Czech print media “Aha”, “Týden” as well as TV Nova were the first outlets to publish this inaccurate, misleading information. These journalists' mistakes led to a steep decline in sales because people were afraid of Mr. Brown Iced Coffee. This situation was also exploited by its competitors. Their salesman started visiting chains to spread these falls rumours to stop selling Mr. Brown Iced Coffee when offering their products as replacements. Al-Namura Company reacted quickly, recognizing the importance of the situation. Al-Namura hired a service of a specialist in the PR field. He started by contacting media outlets telling them that Mr. Brown Iced Coffee contains certified milk

from New Zealand. Many of the newspapers and magazines printed out another article containing the corrections. But the medium that influences most people, television, refused to alter the story. Even company has reacted immediately; losses were registered. Due to the fact that the peak season for iced coffees has just concluded in September, these losses weren't huge. But they were significant and when considering the fact, that these troubles were caused by inaccurate reporting and not by the company, it should be regarded as unfair and very expensive. The services of the PR specialist alone cost Al-Namura almost fifty thousand Czech crowns. When taking into account the decline sales plus the additional costs, this incident probably cost the company hundreds of thousands Czech crowns.

#### **4.6. Analysis of Advertising activities in the company**

The energy drink market is quite specific: this product is not something people usually go to the shop for solely; they usually buy it on impulse. That is why producers spend most of the marketing communication budget on advertising in supermarkets, and supporting and sponsoring activities directly connected with energy drink consumption.

Al-Namura is represented by its logo which can be seen on every official document and its products; it serves as an effective communication tool that keeps them in touch with their public.

Figure 8- Al-Namura logo



Source: [1]

Figure 9- Big Shock logo



Big Shock energy drink has its own logo which is the base for all varieties of this energy drink: Big Shock, Big Shock Gold and Big Shock Bitter on all its packaging.

Company colours are mainly yellow, black and red. These colours represent the name trying to evoke "shock" by its energy. This logo is placed on every can

and bottle of the energy drink Shock as well as on the company cars, tracks, promotional items and official documents.

### **Catalogues and leaflets**

Catalogue with company's products is distributed every six months. These catalogues present all of the products distributed by Al-Namura with its basic information. They also include gift packs offered by the company. Another catalogue edited by the company contains its promotional items.

Leaflets with basic information about the product, its packaging and price are distributed by the supermarkets. These leaflets are usually designed in bright, eye-catching colours trying to attract customers. Al-Namura builds its marketing strategy on supermarket chains. It is trying to get the best position on the shelves. Al-Namura spends money for a good strategic position at eye level which is considered to be the best because products can be clearly seen and have potential to attract customers' attention. These positions are accompanied by the posters or fridge in the points of sale.

### **Magazines**

Al-Namura products are not advertised very often in magazines. Nevertheless, Big Shock advertising can be found in some Czech magazines. These magazines are usually published monthly and are sold in all regions of the Czech Republic, for example: "Level" (PC magazine), "Moderní obchod" (business magazine), "Maxim" (popular men's magazine). These ads are irregular and the magazines have different specializations: sport, computer, business or men.

### **Outdoor advertising**

This kind of advertisement is used commonly by AL-Namura. It can be seen all over the Czech Republic. This type of advertising is usually located near a place where Big Shock is sold. For example billboards near petrol stations or shopping centres. Big Shock advertising appears on several means of public transport. For example, in Prague advertising is placed inside the underground or on trams. One tram in Prague is designed in the Shock colours. See Supplement 6 for pictures.

For the purposes of the advertising activities, cars are also painted with Big Shock logos. The company owns a Porsche Carrera or Skoda Fabia RS which are travelling around Czech Republic to promote Big Shock.

Another type are posters presenting shows, parties, festivals and other events organized or sponsored by the Big Shock. Posters are usually put up near the place where the event is taking place or in the places where the target audience is gathering: sport centres, discos, schools etc.

### **Internet WebPages**

Al-Namura does not pay for internet advertising, but has some friendly websites where people display links to one of Al-Namura's web pages. These people usually are athletes sponsored by the company, business partners, friends or just people who like its products.

Al-Namura has effectively organized its web pages. It has created several web pages for different purposes. The first web page [www.alnamura.cz](http://www.alnamura.cz) presents Al-Namura company: its history, contact info and a brief introduction to all the products it distributes and produces. This web page was created in Czech, but can be switched into English as well. Then there exist another three web pages connected to those products mainly distributed by Al-Namura.

Web page presenting Mr. Brown Iced Coffee [www.mrbrown.cz](http://www.mrbrown.cz) is made by Czech Multimedia interactive company as a flash presentation with sound that can be switched off. This web page includes information about products, company, interesting facts about coffee, its history and effects on human body and contact info.

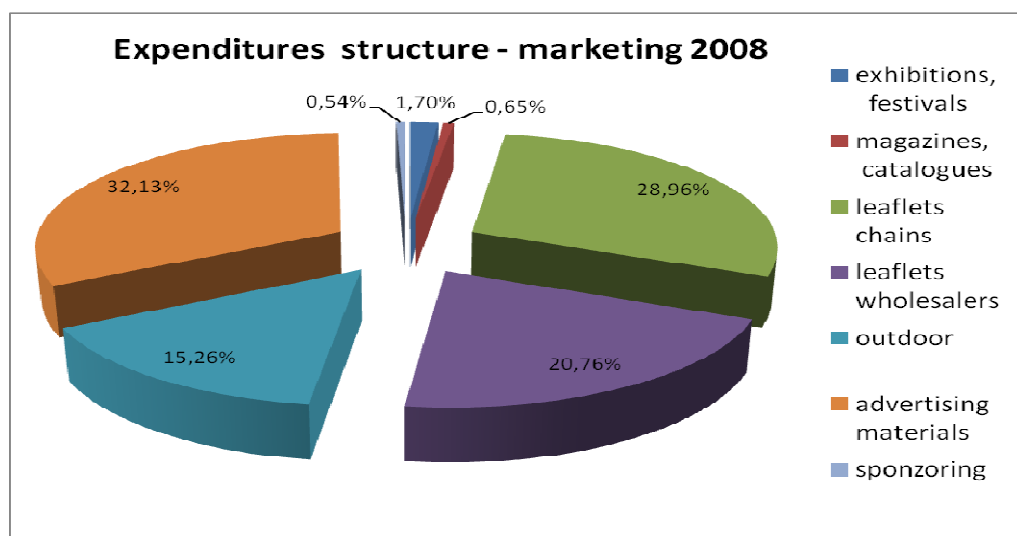
The third web page [www.ahmadtea.cz](http://www.ahmadtea.cz) contains besides the information about Ahmed Tea products, basic facts about tea. Like the other web pages, there is also included information about Al-Namura, contact info and link to other web pages.

The fourth web page is promoting Al-Namura's main product: Big Shock. [www.shockenergy.cz](http://www.shockenergy.cz) is the most extravagant because of the character of the product it is presenting. Information about energy drinks, sponsoring and promotions can be displayed in three languages: Czech, English and German.

Another web page, [www.alnamurab2b.com](http://www.alnamurab2b.com), was created for company's business partners. Information about all its products, its packaging, logistics, catalogues, promotional items and contact info can be found here.

At the end of the subchapter are included figures showing the structure of marketing expenditures in 2008 and figure presenting development of marketing expenditures by quarters in 2007 and 2008.

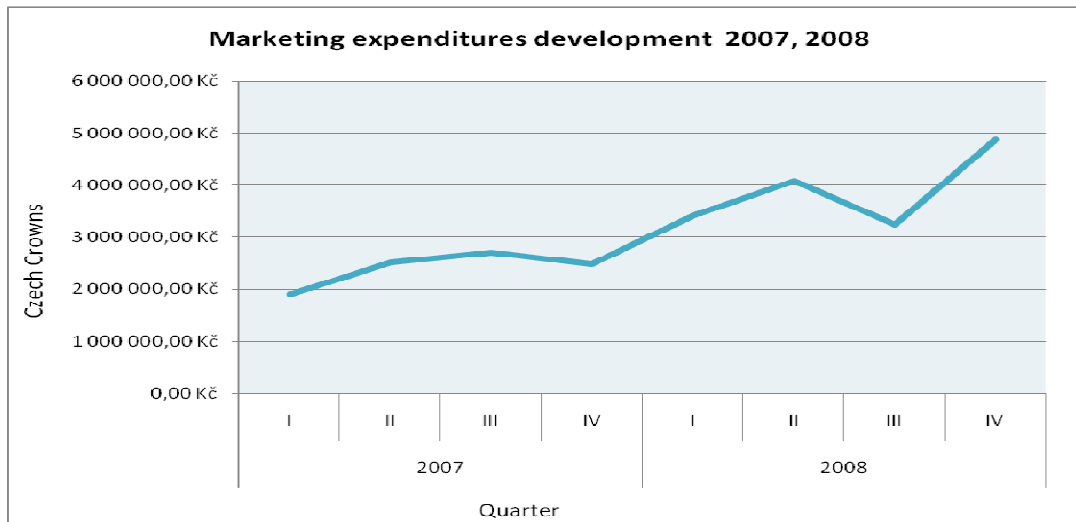
Figure 10: Marketing expenditures structure, 2008



Source: [18]

This figure shows the marketing expenditures structure for 2008. The biggest part form advertising materials followed by leaflets in chains and wholesalers, to which a great attention is dedicated when together forming almost 50% of the marketing budget. Advertising materials include all promotional items like T-shirts, caps, fridges, openers, ashes, pans etc. as well as posters and advertising proposals for outdoor advertising. In the „outdoor“ category are recorded fees for billboards and trams, advertising in public transport, exhibitions, car paintings etc.

Figure 11- Marketing expenditures development by quarters, 2007 and 2008



Source: [17, 18]

This figure presents the development of marketing expenditures in last two years. The expenditures are increasing every year and form about 15% of a year turnover, which has tripled since the Big Shock introduction. It can be seen that there is a decrease in the third quarter of 2008; this is caused mainly by the fact, that Al-Namura is planning its marketing activities in advance and therefore preparing for the summer season, which is the peak season of the year for energy drink consumption, in advance. There were notably more promotions in summer 2008 compared to the previous years, so the expenses, which were higher than usual, were recorded in the second quarter of 2008.

#### 4.7. Analysis of the customers preferences

Shock! energy drink is sold mainly in supermarkets in the Czech Republic, as well as petrol stations, bars, discos, sporting places and in some schools and universities. Main target group consists of teenagers and young people who drink Shock! when sporting, studying, dancing etc. The research is focused on these young people who are studying at high school and university. The aim of this research is to find out what are the reasons of the consumption of the energy drinks, whether students drink these drinks when studying and compare these two different groups: high school students and university students.

There were stated hypothesis:

1. *Hypothesis  $H_0$ : There is no relation between type of school and energy drink consumption.*  
*Hypothesis  $H_a$ : Students drinking energy drinks at least once a month are more frequent in GSG compared to FEM.*
2. *Hypothesis  $H_0$ : Sex does not influence energy drink consumption.*  
*Hypothesis  $H_a$ : Energy drink consumption depends on sex.*
3. *Hypothesis  $H_0$ : There are no differences between GSG and FEM students in the reasons why they consume energy drinks.*  
*Hypothesis  $H_a$ : There are differences in reasons why students of GSG and FEM consume energy drinks.*
4. *Hypothesis  $H_0$ : Energy drink version preference does not depend on sex.*  
*Hypothesis  $H_a$ : Women prefer sugar-free version of energy drinks.*
5. *Hypothesis  $H_0$ : There are no differences in consumption between students who find studying hard and those who find it easy.*  
*Hypothesis  $H_a$ : Students who find studying hard consume energy drinks.*
6. *Hypothesis  $H_0$ : Students influenced by the price in their choice are buying their energy drinks in a shop.*
7. *Hypothesis  $H_0$ : Students who buy their energy drinks in a shop are satisfied with the distribution in the Czech Republic.*
8. *Hypothesis  $H_0$ : Students of the fourth year of GSG consume energy drinks because of study reasons.*
9. *Hypothesis  $H_0$ : Students of the fifth year of FEM consume energy drinks because of studying.*
10. *Hypothesis  $H_0$ : Students preferring 500ml energy drink consume Big Shock!*

For this research, students were chosen from the Faculty of Economics and Management (FEM) in the Czech University of Life Sciences Prague (CULS) and students of the Gymnázium a Sportovní Gymnázium Přípotoční (GSG Přípotoční) in Prague. Questionnaires were given to the students of first, second, third, fourth

and fifth year students in FEM and first, second, third and fourth year students in GSG Přípotoční.

The method of incomplete statistical survey was used, where a small sample of the population is analyzed. Sample was chosen according to the quota sampling. This quota sampling is created thanks to the selected helping sign, which is the same in population as well as in the sample. The helping signs were gender and the year of study. By choosing quota sampling sample representativeness was assured. [4, 7]

At first, the pre-test was made on the sample of 15 students from FEM. This pre-test revealed that respondents don't read instructions carefully enough and therefore checked more than one answer in questions where only one should be selected. The questionnaires were altered and instructed students explicitly how many answers can be chosen. This has been proved as successful by second pre-test consisting of other 15 respondents from FEM. These questionnaires did not show any other failures and therefore were included in the total number of processed questionnaires. See Supplement 7 for questionnaire. The research took place in dates 27/02/2009 till 13/03/2009 in different places in the building of FEM and GSG Přípotoční. There were collected 360 questionnaires in total including 160 from GSG Přípotoční and 200 from FEM. Respondents were chosen according to the quota sampling in both schools. The tables with the acquired data are attached in the Supplement 8. According to the following data, a representative sample was gained.

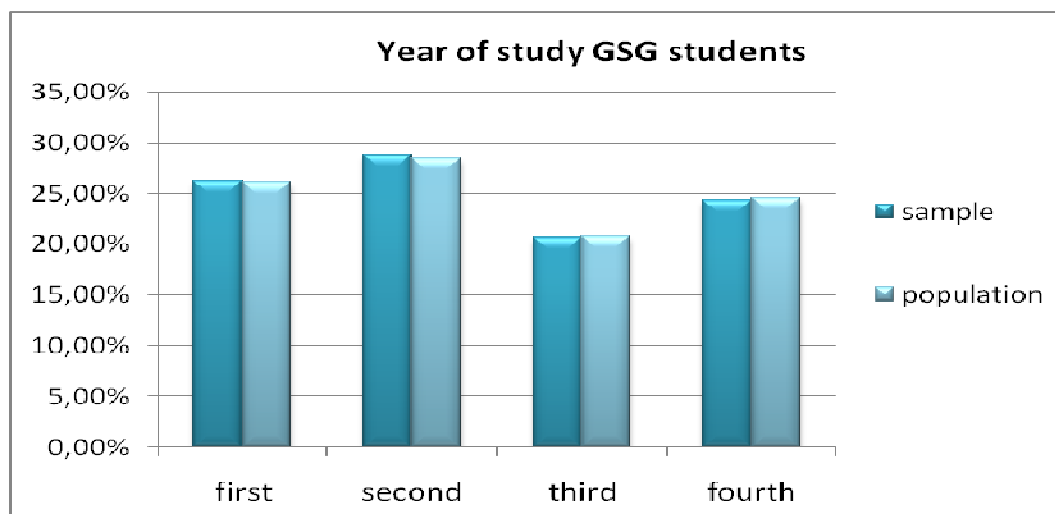
### **GSG Přípotoční**

<b>Year of study</b>	<b>population</b>	<b>sample</b>
First	26,1%	26,2%
Second	28,5%	28,8%
Third	20,8%	20,6%
Fourth	24,6%	24,4%

Source: [22]



Figure 12- Year of study (sample and population) GSG students



Source: [22]

Respondents of the GSG Přípotoční were divided according to the year of their studies, second years students formed the largest segment. The following table shows the gender division in the concrete years of the study. More than half of the students in each year of study represent women.

Table 2- Gender GSG (by the year of study)

	population			sample		
	female	male	total	female	male	total
first	57,5%	42,5%	100,0%	57,1%	42,9%	100%
second	59,0%	41,0%	100,0%	58,7%	41,3%	100%
third	60,0%	40,0%	100,0%	60,6%	39,4%	100%
fourth	53,3%	46,7%	100,0%	53,8%	46,2%	100%
total	57,4%	42,6%	100,0%	57,5%	42,5%	100%

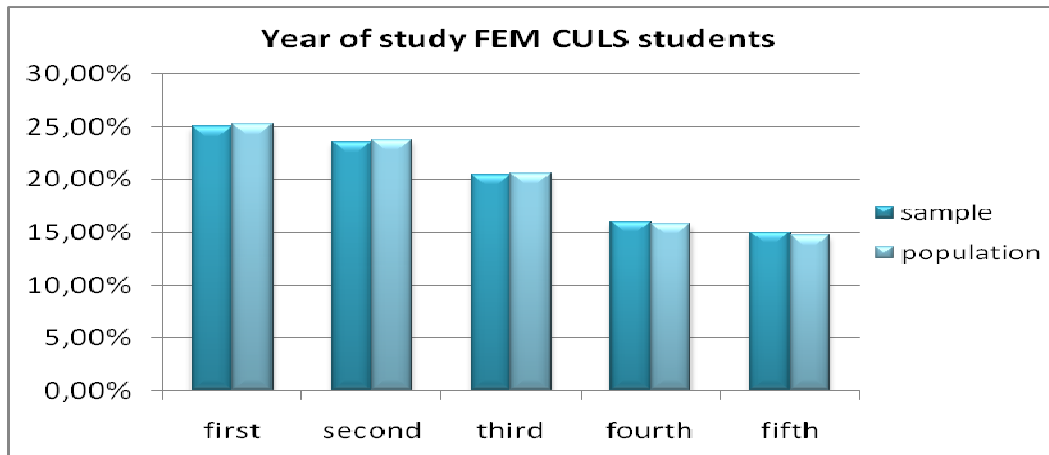
Source: [22]

### **FEM CULS**

Year of study	population	sample
First	25,2%	25%
Second	23,7%	23,5%
Third	20,6%	20,5%
Fourth	15,8%	16%
Fifth	14,7%	15%

Source: [25]

Figure 13- Year of study (population and sample) FEM CULS students



Source: [25]

Respondents in FEM CULS were, as well as respondents in the GSG, divided according to the year of study and its gender. Decreasing trend in number of students from first to fifth year of study can be caused by the intensity of study. Some students are forced to leave university or give up. But it can be caused by the trend of increasing number of the students which are accepted to the first years. More than 60% of respondents in each year form women. In the fourth year it is even higher 76%.

Table 3- Gender FEM (by the year of study)

	population			sample		
	female	male	total	female	male	total
first	73,9%	26,1%	100,0%	74,0%	26,0%	100%
second	67,6%	32,4%	100,0%	68,1%	31,9%	100%
third	60,0%	40,0%	100,0%	61,0%	39,0%	100%
fourth	76,4%	23,6%	100,0%	78,1%	21,9%	100%
fifth	66,1%	33,9%	100,0%	66,7%	33,3%	100%
total	68,8%	31,2%	100,0%	69,5%	30,5%	100,0%

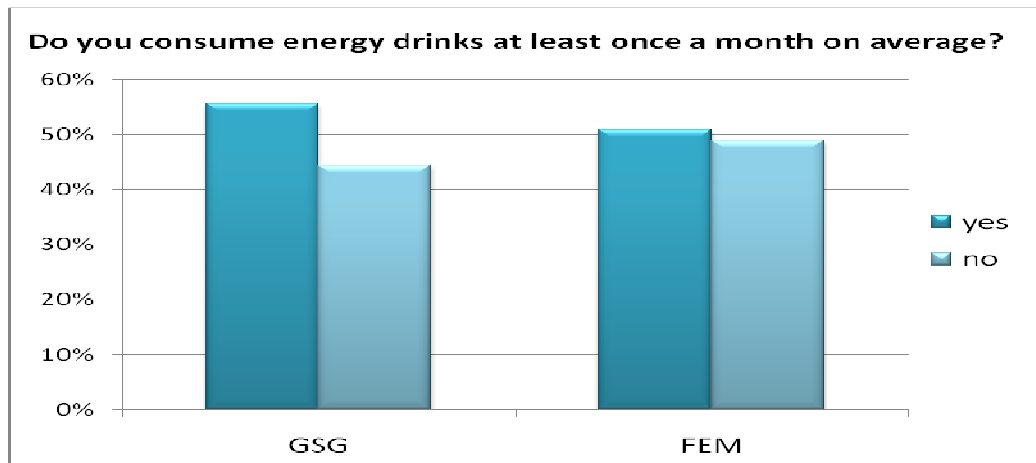
Source: [25]

At the very beginning of the questionnaire, there was a short introduction with basic information about the questions and instructions on how to fill in the questionnaire. The first part of the questionnaire contained questions about energy drink consumption followed by the questions about choosing energy drinks and respondents preferences. The second part was dedicated to the respondent identification.

## **Question 1**

First question was same for all respondents. This one was set to filter respondents who consume energy drinks on average at least once a month and students who don't. These students were instructed to skip following questions and continue with identifying questions.

Figure 14- Consumption of energy drinks



Source: own processing based on data acquired from questionnaire research

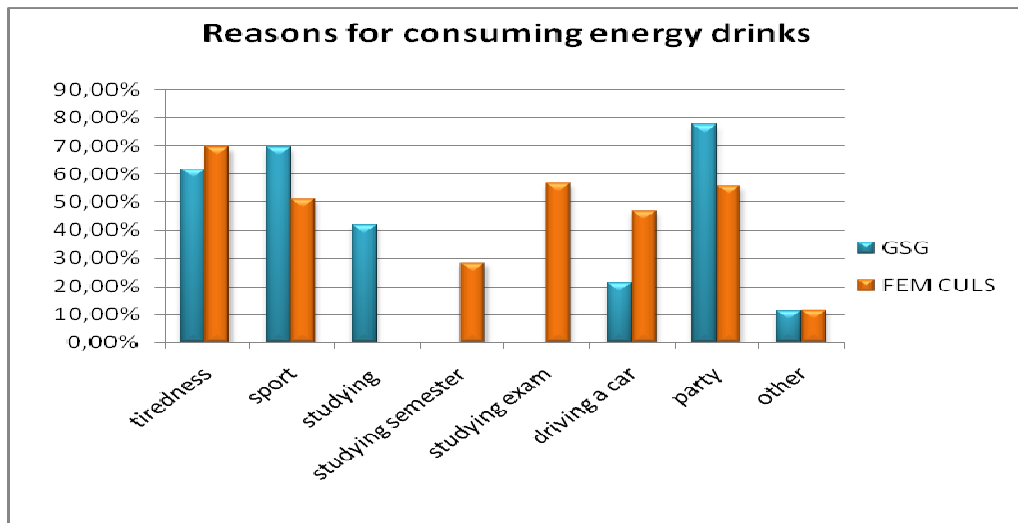
More than 50% of respondents answered yes to the first question: 56% of GSG respondents and 51% of FEM CULS respondents. There is no relation between type of school and consumption of energy drinks.

## **Question 2**

The second question was slightly different for GSG students because they are continuously preparing for their studies. FEM CULS students have more intensive study during exam period. That is why FEM students were asked an additional question: first about consumption of energy drinks during semester and the second about their energy drink consumption during exam period.

In the following figures were recorded just students that drink energy drinks at least once a month in average.

Figure 15- Reasons for energy drink consumption by GSG and FEM students



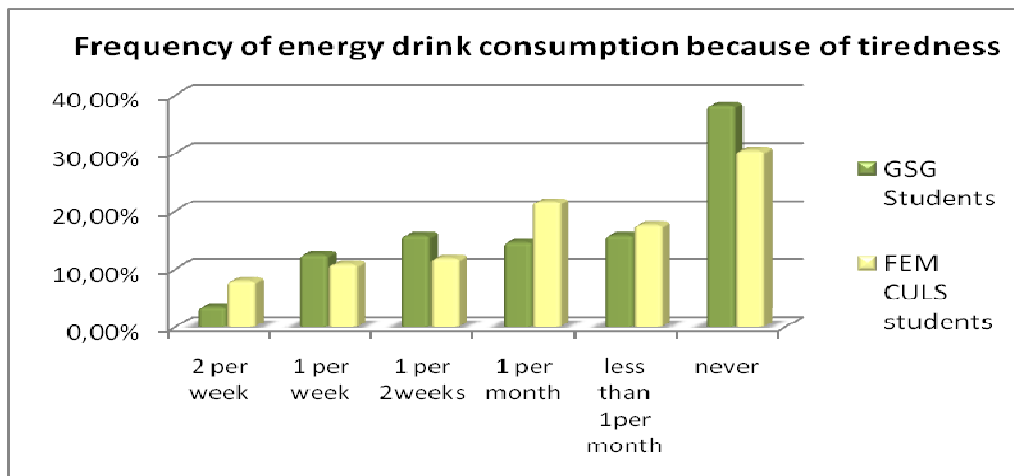
Source: own processing based on data acquired from questionnaire research

From this figure is evident that reasons for consumption of energy drinks differ between GSG and CULS students. GSG students (blue colour) consume energy drink mostly at parties, discos, bars etc. More than 77% of GSG students drink energy drinks at parties, disco, bars etc. FEM CULS students drink mostly for the reason of tiredness, this answer marked almost 70% of FEM students. The biggest difference is remarkable from car driving reasons but this is probably caused by the fact, that more than half of the GSG students are not old enough to drive. There are differences between GSG students and FEM students in reasons why consume energy drinks. Following questions were dedicated to the concrete reasons where frequency of the consumption was recorded.

### **Question 2.1**

The figure 16 shows that almost 22% of FEM students consume energy drink once a month because of fatigue. The majority of GSG students consume energy drinks once every two weeks (more than 15%) or once a week (about 12%) of GSG students.

Figure 16- Frequency of energy drink consumption because of tiredness

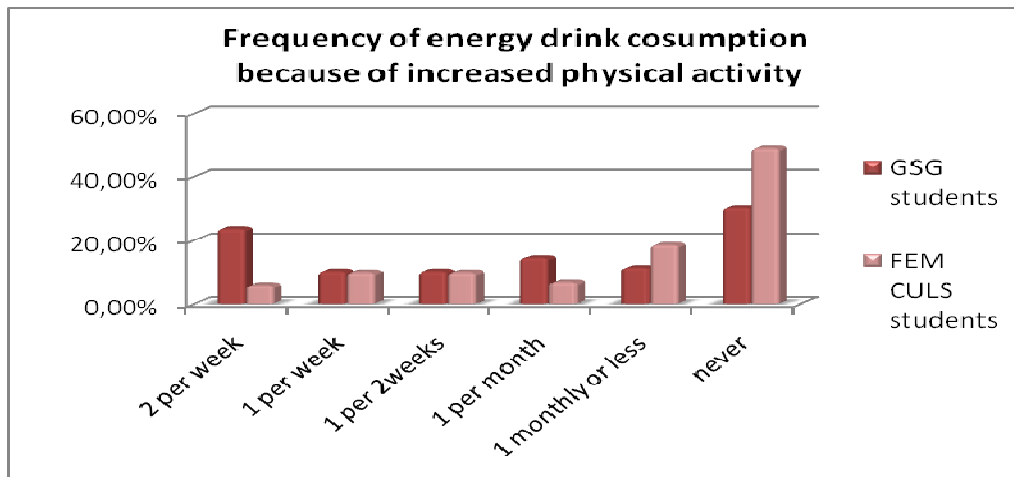


Source: own processing based on data acquired from questionnaire research

There are no significant differences in the GSG and FEM answers. Around one third of students don't consume energy drinks because of tiredness at all.

### Question 2.2

Figure 17-Frequency of energy drink consumption because of increased physical activity

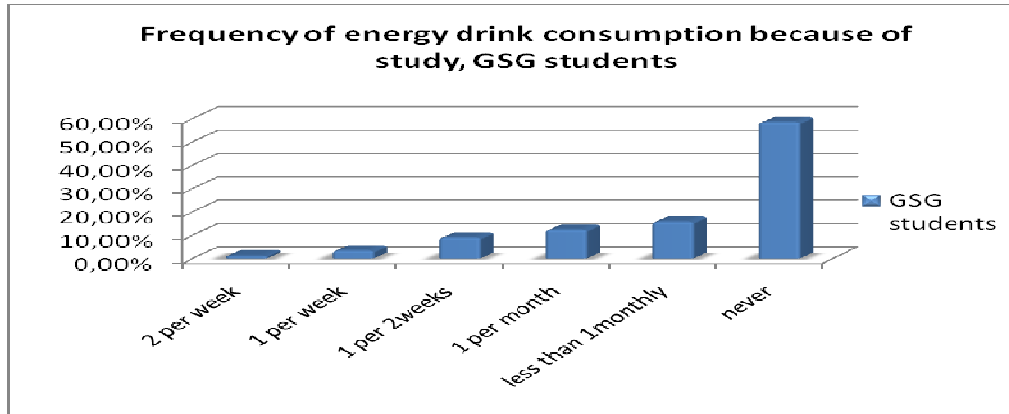


Source: own processing based on data acquired from questionnaire research

More than 23% of GSG students consume energy drinks twice a week for reasons of increased physical activity. Consumption in alternate frequencies is between 7% and 10% for GSG as well as for FEM students. Almost 50% of FEM students don't consume energy drinks for this reason at all.

**Question 2.3**

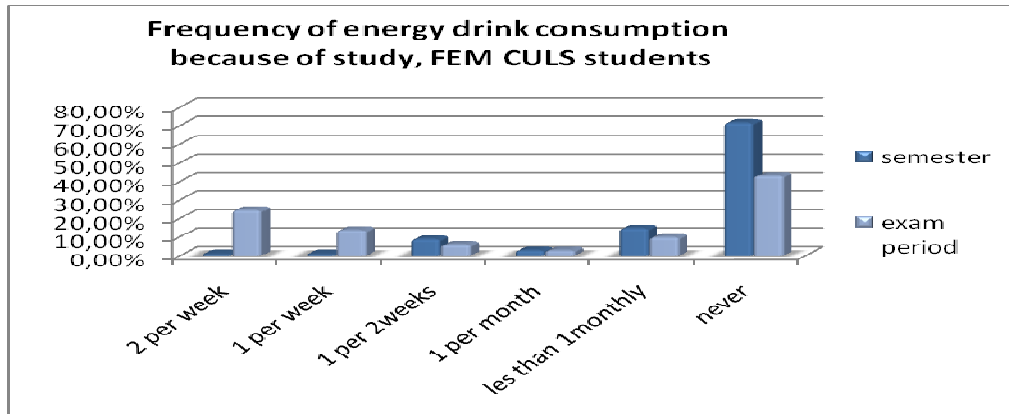
Figure 18- Frequency of energy drink consumption because of study, GSG



Source: own processing based on data acquired from questionnaire research

Almost 60% of GSG students don't consume energy drink because of studying. About 15% marked that they drink it less than once a month and more than 12% drink it once a month. Only one student drinks energy drink twice per week because of studying.

Figure 19- Frequency of energy drink consumption because of study, FEM

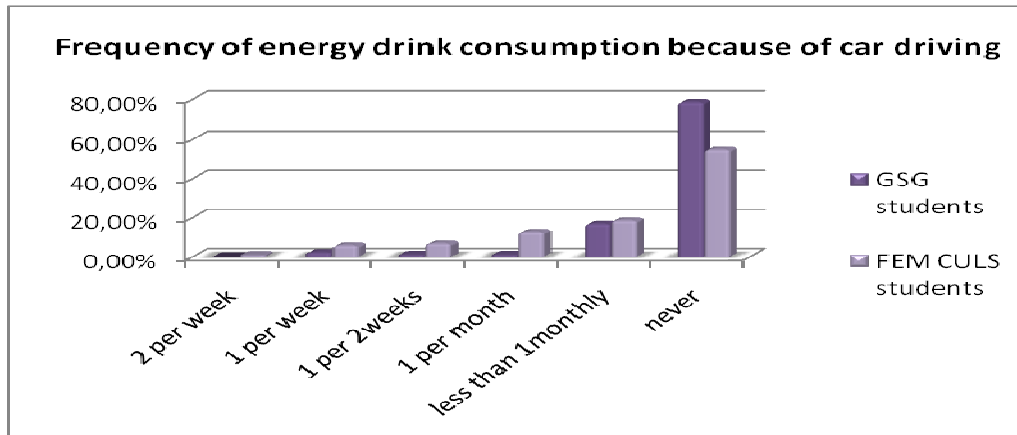


Source: own processing based on data acquired from questionnaire research

This figure 19 compares consumption of energy drinks by FEM students during semester and in exam period. Almost 25% of students consume 2 energy drinks per week and 13% one per week during exam period. Almost 15% of FEM students consume energy drink less than once a month during semester and more than 71% don't consume energy drinks during semester at all.

### **Question 2.4**

Figure 20- Frequency of energy drink consumption because of car driving

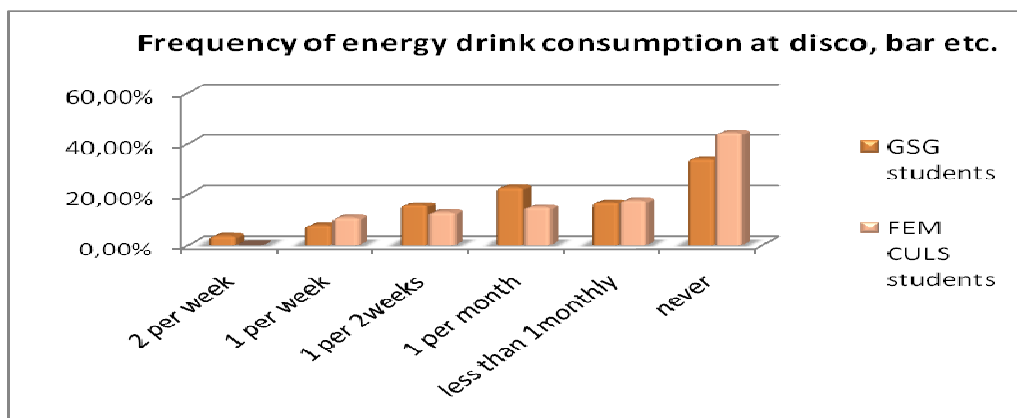


Source: own processing based on data acquired from questionnaire research

Consumption of energy drinks because of driving a car is not popular in any of the schools. Almost 80% of GSG students don't consume energy drink because of this reason. FEM students consume energy drinks more often for driving reason but the differences are minor.

### **Question 2.5**

Figure 21- Frequency of energy drink consumption at disco, bar etc. GSG, FEM

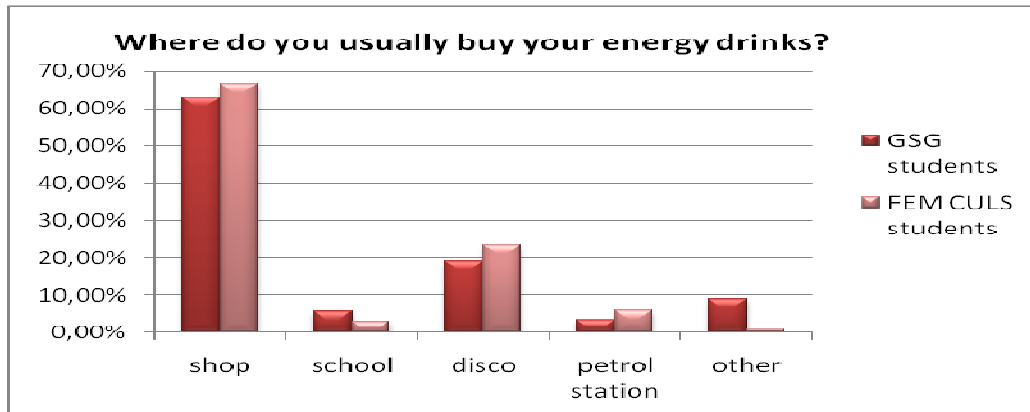


Source: own processing based on data acquired from questionnaire research

Students of GSG consume energy drinks more often than FEM students. The biggest difference is notable only in consumption of once a month category. More than 40% of FEM students don't consume energy drinks for this reason at all.

### **Question 3**

Figure 22- Places where students buy their energy drinks (GSG, FEM)

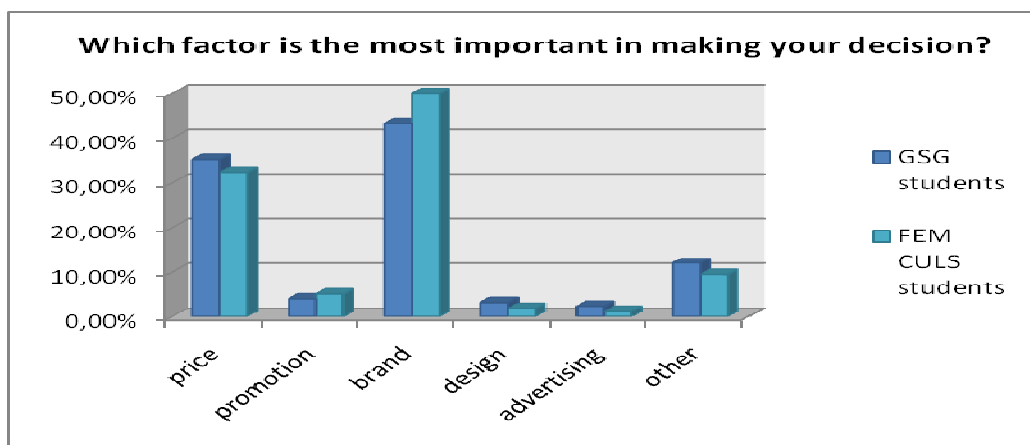


Source: own processing based on data acquired from questionnaire research

This figure obviously shows similarities in the places where students of GSG and FEM buy their energy drinks. More than 62% of GSG students and 66% of FEM students answered that they buy their energy drinks in shops (including supermarkets). The second most frequent place is in discos, bars and restaurants with 19% GSG students and 23% FEM students marking this answer. This is probably caused by the fact that energy drinks are much cheaper in these shops than at disco, petrol station or school canteen.

### **Question 4**

Figure 23- Factors influencing decision making process GSG, FEM



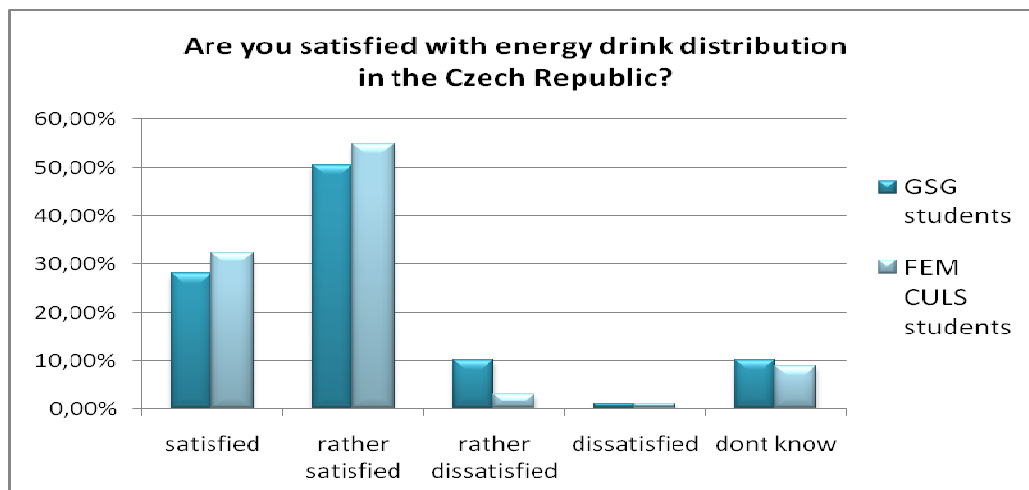
Source: own processing based on data acquired from questionnaire research



Students are mostly influenced by the brand in their choices of energy drinks. Brand influences 50% of FEM students and 43% of GSG students. The price plays an important role for both kinds of students as well. 32% of FEM students and 35% GSG students are influenced by the price in their choice of energy drink. There is also another interesting conclusion: more than 50% of the students, who marked “other” as a factor of their choice, are influenced by the taste of energy drink.

### **Question 5**

Figure 24- Satisfaction with energy drink distribution in the CZ (GSG, FEM)

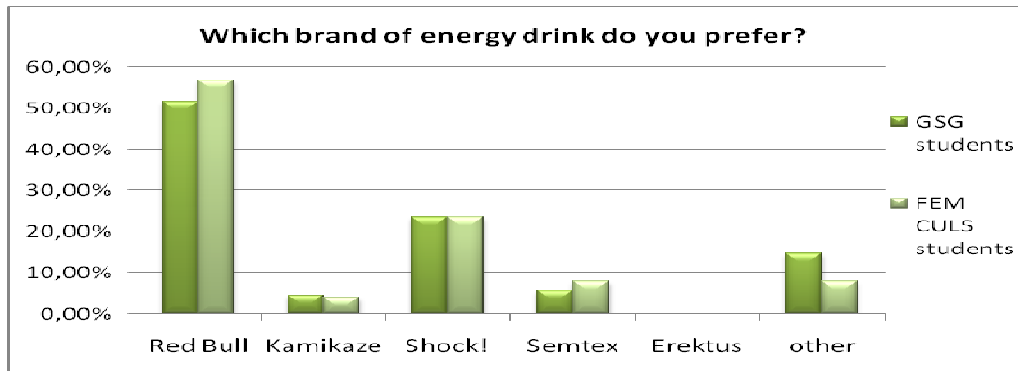


Source: own processing based on data acquired from questionnaire research

More than half of the students are “rather satisfied” with the situation on the Czech energy drink market, 55% of FEM students, 50% of GSG students. When joining the first two categories (“satisfied” and “rather satisfied”) together, than we get 87% of FEM students and 78% of GSG students are satisfied. The situation in the Czech energy drink market is improving each year. Existing producers are usually developing new products with new tastes, different packaging or alternative versions of energy drinks.

### Question 6

Figure 25- Energy drink brand preference GSG, FEM

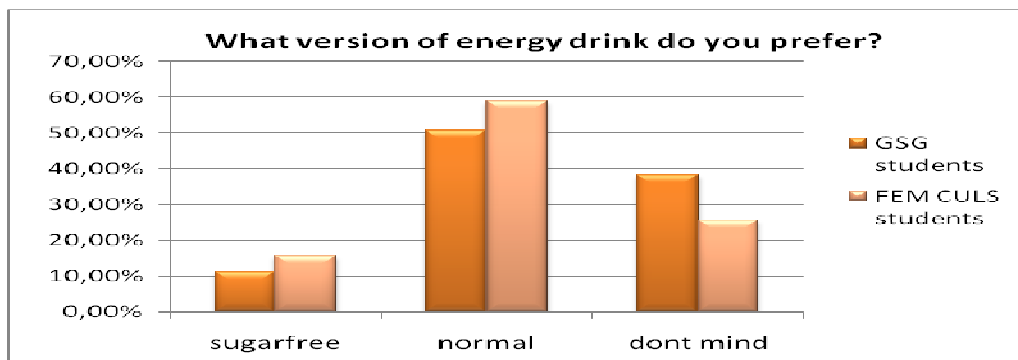


Source: own processing based on data acquired from questionnaire research

The first place belongs to “Red Bull” which is the market leader in the Czech Republic (almost 57% of FEM students and 52% of GSG students prefer this brand). “Shock!” is consumed by 23% of FEM students and 23% of GSG students. The third and fourth places belong to “Semtex” and “Kamikaze” energy drinks. Answers from the question number 6 correspond to the market division among market leaders.

### Question 7

Figure 26- Energy drink version preference GSG, FEM

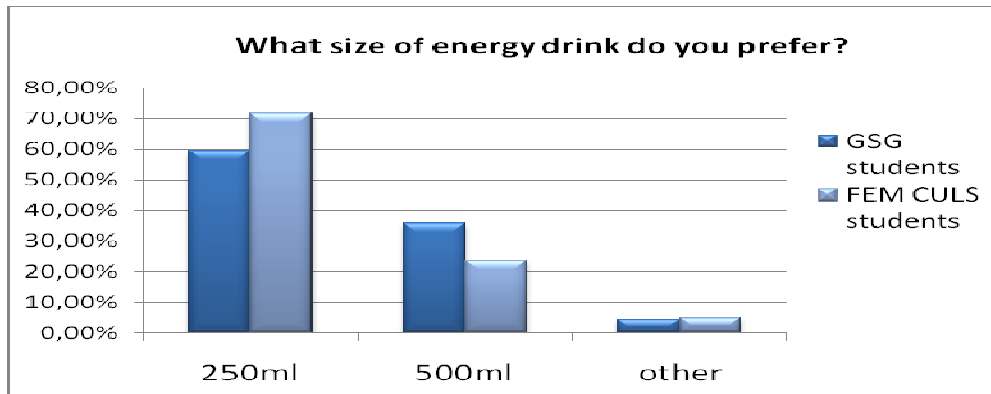


Source: own processing based on data acquired from questionnaire research

A majority of the students prefer normal version of energy drinks, containing sugar (almost 59% of FEM students and 51% of GSG students). Just 15% of FEM students and 11% of GSG students prefer sugar-free energy drinks. The rest of them don't mind or don't know.

### **Question 8**

Figure 27- Size of energy drink preference GSG, FEM



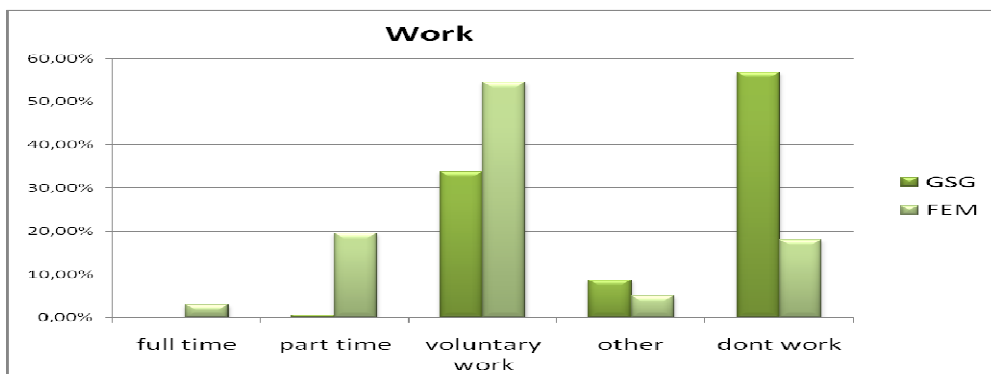
Source: own processing based on data acquired from questionnaire research

This figure shows that most the preferred size is 250ml, followed by 500ml. Just 5% of respondents prefer other packaging for example 1litre. The smallest size 250ml is preferred by a majority of both types of students (almost 60% of GSG students and 71% of FEM students). This could be caused by the fact that most of the brands are sold only in 250ml packaging. “Red Bull” which is the most popular brand among respondents is sold only in this size.

### **Questions 9- 13**

Following questions were dedicated to the respondents identification including sex, age, year of study, work and study intensity. Division by sex and year of study was mentioned in the beginning of this chapter.

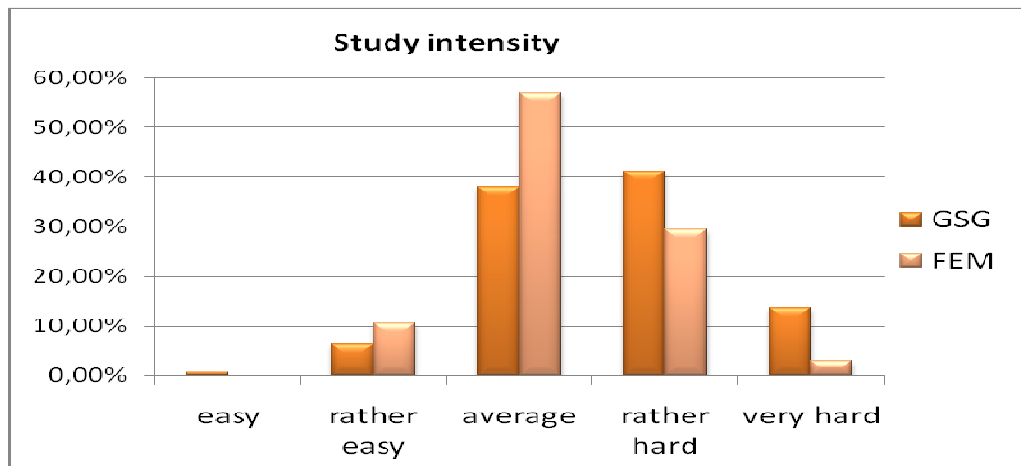
Figure 28- Type of job, GSG and FEM students



Source: own processing based on data acquired from questionnaire research

Almost 57% of GSG students don't work at all and 34% work sporadically. Most of the FEM students (55%) work sporadically and about 20% have part time job. Only 18% of FEM students don't work at all.

Figure 29- Study intensity GSG and FEM students



Source: own processing based on data acquired from questionnaire research

More than 56% of GSG and 38% of FEM find study intensity average. About 41% of GSG and 28% of FEM find studying rather hard. Only one student from GSG and no one from FEM marked "easy".

## 5. Analysis of the effectiveness of Public relations and Advertising in the chosen company

### 5.1. Conclusion of analysis of the customer preferences

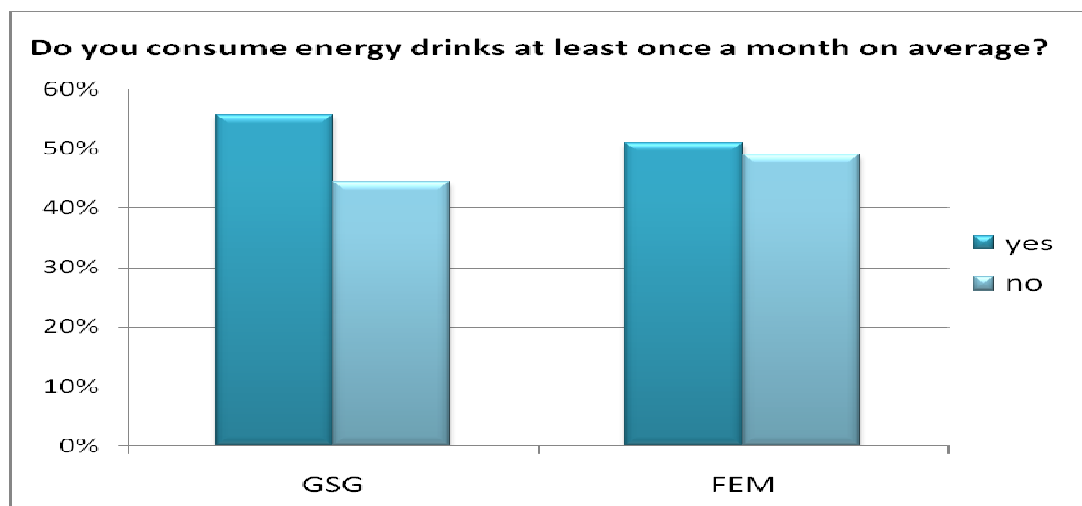
The questionnaire research was made to find out whether students of high school and university consume energy drinks, what motivates their consumption patterns and whether there are some differences between students of GSG Přípotoční and FEM CULS. There were stated hypotheses relevant to the consumption of energy drinks. For the detailed data see supplement 8 and 9.

The data gathered from this questionnaire will be evaluated here. For the analysis, these computer programs were used: Microsoft Excel, XL STAT, STATISTICA 8CZ. The hypotheses stated in the beginning will be confirmed or disproved.

1. Hypothesis  $H_0$ : There is no relation between type of school and energy drink consumption.

Hypothesis  $H_a$ : Students drinking energy drinks at least once a month are more frequent in GSG compared to FEM.

Figure 30- Energy drink consumption GSG, FEM students



Source: own processing based on data acquired from questionnaire research

This figure shows whether the students do or do not consume energy drinks. Almost 56% of GSG Přípotoční and 51% of FEM CULS students are consuming energy drinks at least once a month. There is just a little difference between GSG and FEM students. According to the test of independence (see supplement 9) there is no relation between type of school and energy drink consumption. The hypothesis  $H_0$  has been confirmed.

2. *Hypothesis  $H_0$ : Sex doesn't influence energy drink consumption.*

*Hypothesis  $H_a$ : Energy drinks consumption depends on sex.*

Table 4- Contingency table: energy drink consumption x gender

	yes	no	
female	47,19%	52,81%	100,00%
male	63,57%	36,43%	100,00%

Source: own processing based on data acquired from questionnaire research

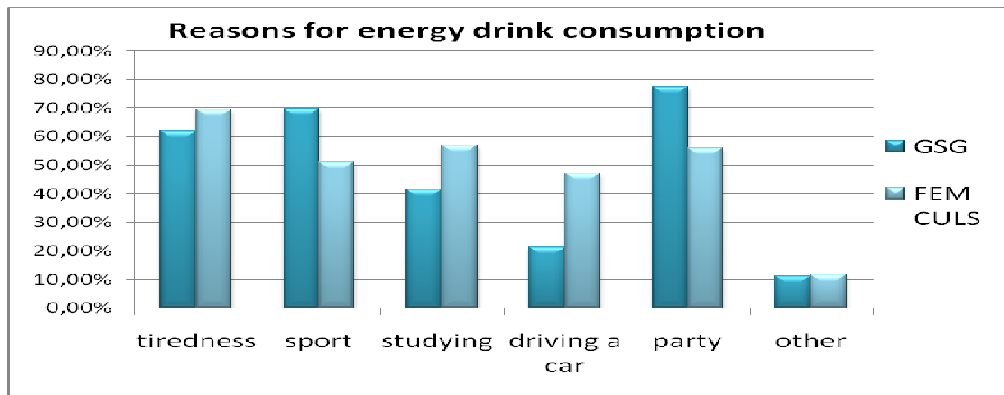
The table is showing that 47% of women consume energy drinks and 63% of men consume energy drinks. Test of independence (see Supplement 9) has showed that there is a relation between sex and energy drink consumption. Contingency coefficient is 0,155 which mean that intensity of dependence between gender and energy drink consumption is low. Hypothesis  $H_0$  has been disproved. It has been proved that there is relation between gender and energy drink consumption but strength of this relation is low.

3. *Hypothesis  $H_0$ : There are no differences between GSG and FEM students in reasons why they consume energy drinks.*

*Hypothesis  $H_a$ : There are differences in reasons why students of GSG and FEM consume energy drinks.*

Students were asked to mark all the reasons for their energy drink consumption. For the CULS students, the answer “studying” was split into two sub questions: “studying- during semester” and “studying- preparing for exam”. All the students that marked the first possibility “studying – during semester” marked the second choice “studying- preparing for exams” as well.

Figure 31- Reasons for energy drink consumption GSG, FEM students



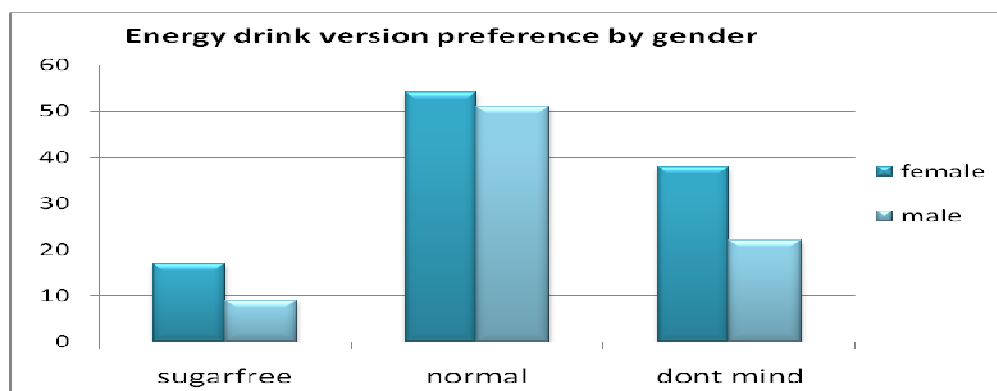
Source: own processing based on data acquired from questionnaire research

The third column shows the percentage of students that consume energy drinks due to studying: 41% of GSG students and 56% of FEM CULS students. By the results from test of independence (see Supplement 9), the null hypothesis  $H_0$  should be rejected and the alternative hypothesis  $H_a$  accepted. The strength between these two variables is rather low. Contingency coefficient is just 0,177 which signifies that differences in answer of GSG students and FEM CULS students are small. This test has proved relation between type of school and energy drink consumption reasons but the strength of the relation is rather low. Hypothesis  $H_0$  number three has been disproved.

4. *Hypothesis  $H_0$ : There are no differences between women and men in their energy drink version preferences.*

*Hypothesis  $H_a$ : Women prefer sugar-free energy drinks.*

Figure 32- Version of energy drinks preference



Source: own processing based on data acquired from questionnaire research

Sugar-free energy drinks are mainly consumed by women. It is evident from the picture that sugar free version is consumed approximately two times more by woman than by men. But most of the respondent prefer “normal” version of energy drink. Even women prefer (by more than 50%) “normal” energy drinks. Test of independence (see Supplement 9) has shown that there is no relation between sex and energy drink version preference. (see supplement). Hypothesis number four has been confirmed.

5. *Hypothesis H0: There are no differences in consumption of energy drink by students who find studying easy and hard.*

*Hypothesis Ha: Consumption of energy drinks is related to the study intensity.*

It is assumed that students, who find studying hard, consume energy drinks. This evaluation was made using questions number one and 13 in GSG questionnaire (14 in questionnaire for FEM). For the purposes of these contingency tables were summarized results from “easy” and “rather easy” together and formed one category “easy”. The category “hard” was made respectively (by summarizing results from “hard” and “rather hard”).

Table 5- Study intensity and energy drink consumption GSG, FEM students

	GSG			FEM		
	yes	no		yes	no	
easy	45,45%	54,55%	100,00%	52,38%	47,62%	100,00%
average	54,10%	45,90%	100,00%	49,12%	50,88%	100,00%
hard	57,95%	42,05%	100,00%	53,85%	46,15%	100,00%

Source: own processing based on data acquired from questionnaire research

Test of independence (attached in the Supplement 9) proved that there is no relation between study intensity and energy drink consumption. Therefore the null hypothesis number five has been proved.



6. *Hypothesis: Students influenced by the price in their choice are buying their energy drinks in a shop.*

All respondents were asked to choose maximum of 2 factors which influence them the most in their choice of energy drinks. It was assumed that the main factor which influences students' choices is price because of the students' economic situation. Energy drinks are usually cheapest in supermarkets and therefore it is supposed that they are buying them there. Categories with small frequencies were joined together.

Table 6- Sign test: place of buying energy drink and factor influencing decision

		Where do you usually buy your energy drink?		
		shop	disco	other
Which factor is the most important in making your decision?	price	+	0	0
	brand	0	0	0
	other	--	0	0

Source: own processing based on data acquired from questionnaire research

Hypothesis number six has been confirmed.

7. *Hypothesis: Students who buy their energy drinks in shops are satisfied with the distribution on the Czech market.*

In shops or supermarkets is usually supply the widest. It is supposed that students who buy their energy drinks there are satisfied with distribution on Czech market. For the purposes of this analysis were summarized data from columns "satisfied" and "rather satisfied" and from "dissatisfied" and "rather dissatisfied".

Table 7- Sign test: place of buying energy drink and satisfaction with distribution in the Czech market

		Are you satisfied with distribution in the Czech Republic?		
		satisfied	dissatisfied	don't know
Where do you usually buy your energy drink?	shop	++	0	--
	school	0	0	0
	disco	0	0	0
	petrol station	0	0	0
	other	-	0	+

Source: own processing based on data acquired from questionnaire research

Hypothesis number seven has been confirmed.

8. Hypothesis: Students of the fourth year of GSG are drinking energy drink because of studying.

It was supposed that students in their last year of study are consuming energy drinks because of study reasons.

Table 8- Sign test: reasons of energy drink consumption and year of study GSG

		Reasons of energy drink consumption					
		tiredness	sport	studying	car driving	disco	other
Year of study	year 1	0	0	0	-	0	+
	year 2	0	0	0	0	0	0
	year 3	0	0	0	0	0	0
	year 4	0	0	0	0	0	0

Source: own processing based on data acquired from questionnaire research

Hypothesis number eight has not been confirmed.

9. Hypothesis: Students of the fifth year of FEM are consuming energy drinks because of studying.

Table 9- Sign test: energy drink consumption and year of study FEM

		Reasons of energy drink consumption					
		tiredness	sport	studying	car driving	disco	other
Year of study	year 1	0	0	0	0	0	0
	year 2	0	0	0	0	0	0
	year 3	0	0	0	0	0	0
	year 4	0	0	0	0	0	0
	year 5	0	0	0	0	0	0

Source: own processing based on data acquired from questionnaire research

Hypothesis number nine has not been confirmed.

*10. Hypothesis: Students preferring 500ml energy drink consume Big Shock!*

Table 10- Sign test: brand preference and size of energy drink

		Which brand do you prefer?				
		Red Bull	Kamikaze	Shock	Semtex	other
What size do you prefer?	250ml	+++	0	---	0	0
	500ml	---	0	+++	0	0
	other	0	0	0	0	+

Source: own processing based on data acquired from questionnaire research

Respondents preferring 500ml energy drink consume Big Shock! energy drink. Hypothesis number ten has been confirmed.

**5.2. Evaluation of the effectiveness of PR and advertising activities and recommendations**

Al-Namura was established in 1992. It started with importing and distributing Ahmed Tea to the Czech Republic and developed its activities and widened the range of imported products and in the year 2002 started production of its own brand Big Shock energy drink. Al Namura Company has become well established on the Czech market since its introduction. The size of the company has increased since then. Targets of the company have changed as company has developed. In the first years of its existence, placement of Big Shock energy drinks in retail chains were main goals. In the following years, it focused mainly on the wholesale market. Presently the company is focusing on restaurants, bars, discos etc. These goals were not fulfilled immediately because these aims were long term. The company is still working on all of the goals mentioned above.

Thanks to its marketing strategy, Big Shock has become the second most popular energy drink sold in the Czech Republic. A sign of success is Big Shock's market share (28%) right after Red Bull 44%, relative to chain store sales. Red Bull which is the leader in energy drinks has been firstly sold more than 20 years ago. Big Shock has gained almost one third of the market in less than 7 years. This is undoubtedly an excellent result.

The data was collected from high school and university students to find out if they consume energy drinks, what are the reasons for their consumption, and which factors play role in their decisions concerning energy drinks. This part's aim is to find out how the company meets students preferences and make recommendations to its marketing activities.

Big Shock uses advertising and PR activities successfully. From the first years of the Big Shock existence are made ads in the shops. Very important factor is placing of the cans in the frontal shelves in the eye level. The promotions type 1+1 (buy one and get one for free), or offering gifts for the certain amount of bought cans are very popular in the shops and petrol stations as well. Leaflets are distributed to inform customers about special prices or offers. The advertising informing customers about prices or promotions are usually placed next to the shelves with the product. These strategies have been proved as successful by the market share Big Shock has gained in the supermarket chains and by results from questionnaire research. It has been found that supermarkets are the place where more than 70% of all respondents buy their energy drinks. It has been proved that respondents buying their energy drinks in supermarkets are satisfied with the distribution in the Czech Republic. Students are also very much influenced by the price of energy drinks in their choices, this gives Big Shock great advantage because it is the cheapest one from the market leaders: 0,25l can costs about 22CZK and 0,5l can about 28CZK, Red Bull 0,25l costs 36CZK (all the prices are guide prices).

Outdoor advertising promotes Big Shock on billboards, trams, in the subway trains and other places. These advertisements are placed inside and outside of public transports, used by young people who form the main target group. The ads placed on public transport are considered to be very useful because they are seen by many people in different places. For example subway is strategic place for ad because Prague subways transport more than 1,3 million people every day. [21] Billboards are placed usually near the petrol stations or other places where Big Shock is sold. Sports cars with Big Shock logos, owned by the company, attract young people and develop the brand as well. **These cars could be placed in the school neighbourhoods to attract students as well.**

Big Shock parties at the discos and bars have become popular in the last few years. These are made to present Big Shock to young people who don't know this brand yet or to remind it to those who already know it, trying to support brand recognition. Al-Namura is trying to increase awareness of its Big Shock brand. These so-called Big Shock parties, which are supported by outdoor advertising at the event site, are usually enjoying big popularity. These shows can be considered as the most important ones in building brand when taking into account the fact that results from questionnaire research are showing brand as the most important factor influencing young people's choices of energy drinks. Other activities trying to establish brand image are sponsoring activities. Big Shock is targeting young people in music festivals and sport events. Company sponsors sportsmen, usually young prospective people with interest in extreme sports. Sponsoring activities are connected to extreme sports trying to show that Big Shock energy drink gives its consumers enough energy to manage different types of difficult activities. Big Shock benefits from the visibility of its brand by the supported sportsmen. Even these sportsmen are not usually competing internationally or on the competitions broadcasted by television, they are watched by many viewers. These parties and other events are supported by posters in the place of event. Evidence of increasing demand for Big Shock on the parties in bars and clubs can be found in the "SHOCKující záležitost Club" which has renamed after Big Shock and has a special conditions contract with Al-Namura Company. **Big Shock parties could take place in students club as well.** These are placed near the school and visited mainly by the students, for example club "C" at CULS. **Another opportunity for Big Shock is to participate in students' events like Miss Agro at CULS or sporting days in GSG for example.**

Al-Namura, knowing the increasing power of the internet, pays a lot of attention to its web pages. These are attractively designed, containing new technologies. These web pages are very well constructed and contain all important information for the consumers. For the main products are created separate web pages with detailed information about products. There are as well published pictures from the shows that have already taken place and sponsored teams and sportsmen. Friendly websites are very good example how to make internet advertising cheaply. People who like

Big Shock or are sponsored by it are showing Big Shock logo with a link on their websites. **The only recommendation to improve them is more frequent updates. Very much contributing would be the list of the shows, parties, festival and other events that are going to take place in the following two or three months.**

Big Shock is consumed by more than 40% of GSG students and almost 60% of FEM students for study reasons; therefore it should be available in the school shops and canteens as well. In the FEM CULS it is sold since last autumn but in the GSG snack bar is not available. It should be available there and advertising focused on students could be done to support selling energy drinks there. Advertising **should be addressed to students. They could be placed in the snack bar, near the schools or for example in the means of public transportation that students use to get to school.** These ads can be placed for example in bus number 107 and 147 to address CULS students and trams 6, 7 or 24 to address GSG students because these are means of public transport that most of the students use. Another possibility is to place them in bus and tram stops near the schools. At CULS could be ads placed in the dormitory to attract students living there.

More than 70% of GSG students and 50% of FEM CULS students marked as a reason for consumption sport activities. **Therefore recommendation is to place ads focused on young sportsmen in the sport centres near the school.** For example at CULS it could be placed inside sport centre that belongs to university, what considers GSG students, ads could be placed in “Eden sport centre”, which is located near the school and is visited by the students as a part of their gym classes. Promotions that are made in supermarkets can be applied in the school shops as well.

Very important is the fact that Al-Namura can deal with problems even when they are published in mass media. Quick response of the company on the articles and news in TV has undoubtedly saved its money. Al-Namura has successfully disproved false information published in the press with a help of external PR specialist.

Al-Namura started to record its marketing expenditures in detail in 2007. Despite great effort of the marketing department, it is still a bit confusing. **It is recommended to divide these expenditures more clearly and deeply, according to the activity;** for example sort them by sponsoring, outdoor advertising, Big Shock

parties etc. For example, company has recorded all expenditures for advertising materials together no matter the purpose for which they were created.

To summarize the recommendations made to Al-Namura, list of them is included:

- Place cars promoting Big Shock (for example Porsche and Fabia RS) near the schools
- Organize Big Shock parties in the students club
- Take part in students events both social and sport
- Update web sites and include list of future events
- Target ads on students and place them in schools and dormitories
- Place the advertisements in sport centres
- Clearly divide and record marketing activities and its expenditures

Recommendations were presented to Al-Namura management and some of them are already planned to be implemented (internet updates, marketing reports). Company is considering placement of ads in the public transports used mainly by students and to create an ad targeted specially for the students.

All of the above mentioned marketing activities can be found successful when taking into account increasing demand for Big Shock products and increasing size of the company (its turnover has tripled since the introduction of Big Shock energy drink). The budget for marketing activities is increasing every year. Company is trying to come with new products as much as possible. Last year was presented Big Shock Bitter, energy drink for (wo)man as its advertising say.

This year is company planning to distribute something little bit different from its existing offers. This year will be placed on the market energy novelty: Big Shock energy bar. This soy bar with chocolate icing contains caffeine and is recommended to people with increased physical activity.

Figure 33- Big Shock energy bar [24]



## **6. Conclusions**

In today's highly competitive marketplace, companies are fighting for customers. Every company trying to break into a competitive market wants to establish its brand name and increase its market share. Once these goals have been achieved then company focus switches to maintaining market position, which requires a long-term view of the future. Constantly monitoring consumers' preferences and analyzing market trends are two effective methods which help inform a company on how to adapt its activities. A competitive market influenced by the media demand that companies react quickly and flexibly in developing market strategy. Through effective use of marketing tools, their aim is to inform consumers and to persuade them that their product is better than the others. They are trying to balance the needs of current customers while attempting to attract new ones. Marketing communication is critical in this point. Whether it is promoting a special product or the company on the whole, a company cannot underestimate the need for communication with its public. This diploma thesis deals with two important tools of the marketing mix: advertising and public relations.

The main aim of this paper was to analyze and evaluate public relations and advertising strategy in Al-Namura Company. Furthermore, the aim was to find out whether students consume energy drinks and what motivates them to choose one energy drink over another, and make recommendations for Al-Namura based on these results.

Al-Namura is a Czech company producing Big Shock energy drink. It entered the energy drink market in 2002 and has been successful in securing second position to a well-established brand with more resources Red Bull. Marketing activities were a part of its strategy from the beginning. Long term strategies were developed side by side with detailed short term goals. The effect of this planning and its successful implementation has led to the market share the company has today.

To perform the research adequately, relevant literature comprising books, magazines and related websites were reviewed, to explore the theoretical attitudes of various authors on this subject. Own contribution, based on the deep interview with management of the Al-Namura and questionnaire research, included analysis



and evaluation of the PR and advertising activities in the Al-Namura. Finally suggestions and recommendations, regarding Big Shock advertising taking into account results from questionnaire research, were made for Al Namura. It has been found that most of the students consume energy drinks at least once a month. Different reasons for their consumption and frequencies were explored and students' preferences were analysed. Based on these results were made recommendations for Al-Namura including proposals of advertising targeted on students as well as improvement in other fields of company's activities such as clear and precise recording of expenditures related to various marketing activities. The results of this research and the recommendations made here have been presented to Al-Namura management. Targets of the diploma thesis may be deemed to be fulfilled.

Hopefully the research provided here will illustrate the importance of an effective marketing strategy. It can be concluded that public relations and advertising form the essential activities in promoting whole company or specific product and are regarded as necessity for the companies which are competing on the current market.

## 7. Bibliography

- [1] *Al-Namura spol.s r.o.* [online]. c2009. [cited 2009 Feb 2]. Available from: <http://www.alnamura.cz/>
- [2] BERGH, J.V.- GEUNES, M.-PELSMACKER,P.D.. *Marketingová komunikace*. Praha: Grada Publishing. 2007. 600p. ISBN 80-247-0254-1.
- [3] CAYWOOD, Clarke L. *The Handbook of Strategic Public Relations and Integrated Communications*. USA: McGraw-Hill Professional. 1997. 574p. ISBN 0-7863-1131-2.
- [4] CHRÁSKA, Miroslav. *Metody pedagogického výzkumu*. 1.vydání. Praha: Grada Publishing. 2007. 272p. ISBN 978-80-247-1369-4.
- [5] DUNCAN, Apryl. *10 Differences Between Advertising and Public Relations* [online], About.com. [cited 2008 Oct 22, 22:46]. Available from: [http://advertising.about.com/od/careersource/a/10advpr\\_2.htm](http://advertising.about.com/od/careersource/a/10advpr_2.htm)
- [6] FAIRCHAILD, Michael. *Jak zjistit skutečnou hodnotu v public relations : návod pro určení měřitelných komunikačních cílů*. Praha: Asociace Public Relations Agentur. 1999. 52p.
- [7] FORET, Miroslav. *Marketingový průzkum*. 1.vydání. Brno: Computer Press. 2008. 121p. ISBN978-80-251-2183-2 [5] KOTLER, P.- ARMSTRONG, G. *Marketing*. Praha: Grada Publishing. 2004. 855p. ISBN 80-247-0513-3.
- [8] FORET, Miroslav. *Marketingová komunikace*. 1.vydání. Brno: Computer Press, 2006. 443p. ISBN 80-251-1041-9.
- [9] *Katalog pro I. pololetí 2009* [online]. Al-Namura b2b. [cited 2009 Feb 25]. Available from: <http://www.alnamurab2b.com/katalog.php?zal=301>
- [10] KOTLER, P. *Marketing v otázkách a odpovědích*. 1.vydání. Brno: CP Books. 2005. 130p. ISBN 80-251-0518-0

- [11] KOTLER, P.- ARMSTRONG, G. *Marketing*. Praha: Grada Publishing. 2004. 855p. ISBN 80-247-0513-3.
- [12] KOTLER, P.- KELLER, K.L. *Marketing management*. 1.vydání. Praha: Grada Publishing. 2007, 788p. ISBN 978-80-247-1359-5
- [13] KRÁL, Petr. *Energetické nápoje od A po Z 2.díl* [online]. Vaření.cz. [cited 2008 Dec 7]. Available from: <http://www.vareni.cz/trendy/energeticke-napoje-od-a-po-z-2dil/>
- [14] KRÍŽEK, Z. - CRHA, I. *Život s reklamou*. Vydání 1. Praha: Grada Publishing, 2002, 168p. ISBN 80-247-0213-4.
- [15] LESLY, Philip. *Public relations: Teorie a praxe*. Vydání 1. Praha: Victoria Publishing. 1995. 240p. ISBN 80-85865-15-7.
- [16] *Marketing dictionary: Marketing* [online]. Answers.com. [cited 2008 Oct12]. Available from: <http://www.answers.com/marketing>
- [17] *Marketing report 2007*. Kralupy nad Vltavou. Al-Namura. 2008. 4p.
- [18] *Marketing report 2008*. Kralupy nad Vltavou. Al-Namura. 2009. 5p.
- [19] Melamine Contamination in China [online]. U.S. Food and Drug Administration. [cited 2009 March 12]. Available from: <http://www.fda.gov/oc/opacom/hottopics/melamine.html>
- [20] NETREFOVÁ, A. *Public relations a reklama jako nástroje marketingové komunikace v systému vnitřní obchod: bakalářská práce*. Praha: Česká zemědělská univerzita. Provozně-ekonomická fakulta. 54p. 1 supplement. Supervisor Ing. Marta Regnerová, CSc.
- [21] *Odboráři chtějí při stávce zastavit i pražské metro* [online]. E15. [cited 2009 March 20]. Available from: <http://www.e15.cz/udalosti/odborari-chteji-pri-stavce-zastavit-i-prazske-metro-28058/>

- [22] *Počet studentů v GSG*. Praha. GSG Praha. 2008. 1p.
- [23] POSPÍŠIL, Pavel. *Efektivní Public Relations a media relations*. Vydání 1. Praha: Computer Press. 2002. 172p. ISBN 80-7226-823-6.
- [24] *Prezentace Big Shock!* [online]. Al-Namura b2b. [cited 2008 Nov 19]. Available from: <http://www.alnamurab2b.com/index.php>
- [25] *Přehled studentů dle pohlaví*. Praha. PEF ČZU. 2009. 1p.
- [26] *Public relations and the marketing mix.*". PR Practitioner's Desktop Guide [online]. Jan 2002. Business Source Complete. EBSCO. [cited 2008 Oct 22]. Available from: <http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=22377639&site=ehost-live>
- [27] *Spotřeba nealko nápojů loni v ČR klesla na 2,75 mld. Litrů* [online]. Sdružení obrany spotřebitelů. Updated 2008 Jul 7. [cited 2009 Jan 09]. Available from: <http://www.spotrebitele.info/clanek.shtml?x=2346147>
- [28] VYSEKALOVÁ, J.- MIKEŠ, J. *Jak dělat reklamu*. 2.vydání. Praha: Grada Publishing. 2007. 184p. ISBN 978-80-247-2001-2
- [29] Wikipedia contributors. *Marketing communications* [online]. Wikipedia, The Free Encyclopedia. Updated Jul 13, 2008. [cited 2008 Oct 12]. Available from: [http://en.wikipedia.org/w/index.php?title=Marketing\\_communications&oldid=225328115](http://en.wikipedia.org/w/index.php?title=Marketing_communications&oldid=225328115)
- [30] Wikipedia contributors. *Public relations* [online]. Wikipedia, The Free Encyclopedia. Updated 2008 Aug 12. [cited 2008 Aug 14]. Available from: [http://en.wikipedia.org/w/index.php?title=Public\\_relations&oldid=231511170](http://en.wikipedia.org/w/index.php?title=Public_relations&oldid=231511170)

### **List of tables:**

Table 1- PR division .....	13
Table 2- Gender GSG.....	46
Table 3- Gender FEM .....	47
Table 4- Contingency table: energy drink consumption x gender .....	59
Table 5- Study intensity and energy drink consumption GSG, FEM students .....	61
Table 6- Sign test: place of buying energy drink and factor influencing decision .....	62
Table 7- Sign test: place of buying energy drink and satisfaction with distribution in the Czech market .....	62
Table 8- Sign test: reasons of energy drink consumption, year of study GSG .....	63
Table 9- Sign test: energy drink consumption and year of study FEM .....	63
Table 10- Sign test: brand preference and size of energy drink.....	64

### **List of figures:**

Figure 1- Territory division.....	29
Figure 2- Big Shock cans.....	32
Figure 3- Consumption of non-alcoholic beverages in the Czech Republic in litres per capita, 1995-2007 .....	33
Figure 4- Energy drink consumption in the Czech Republic in millions CZK,.....	33
Figure 5- Energy drinks leading trade mark owners evolution 2004-2007, .....	34
Figure 6- Energy drink leading trade mark owners 2007, total market, % share (volume) .....	35
Figure 7- Energy drinks leading trade mark owners, chains market, % share (volume) ..	35
Figure 8- Al-Namura logo.....	39
Figure 9- Big Shock logo.....	39
Figure 10: Marketing expenditures structure, 2008.....	42
Figure 11- Marketing expenditures development by quarters, 2007 and 2008.....	43

Figure 12- Year of study (sample and population) GSG students .....	46
Figure 13- Year of study (population and sample) FEM CULS students.....	47
Figure 14- Consumption of energy drinks .....	48
Figure 15- Reasons for energy drink consumption by GSG and FEM students.....	49
Figure 16- Frequency of energy drink consumption because of tiredness.....	50
Figure 17-Frequency of energy drink consumption because of increased physical activity .....	50
Figure 18- Frequency of energy drink consumption because of study, GSG.....	51
Figure 19- Frequency of energy drink consumption because of study, FEM.....	51
Figure 20- Frequency of energy drink consumption because of car driving .....	52
Figure 21- Frequency of energy drink consumption at disco, bar etc. GSG, FEM .....	52
Figure 22- Places where students buy their energy drinks (GSG, FEM).....	53
Figure 23- Factor influencing decision making process GSG, FEM.....	53
Figure 24- Satisfaction with energy drink distribution in the CZ (GSG, FEM) .....	54
Figure 25- Energy drink brand preference GSG, FEM.....	55
Figure 26- Energy drink version preference GSG, FEM.....	55
Figure 27- Size of energy drink preference GSG, FEM .....	56
Figure 28- Type of job, GSG and FEM students .....	56
Figure 29- Study intensity GSG and FEM students.....	57
Figure 30- Energy drink consumption GSG, FEM students .....	58
Figure 31- Reasons for energy drink consumption GSG, FEM students.....	60
Figure 32- Version of energy drinks preference .....	60
Figure 33- Big Shock energy bar.....	68

## **8. Supplements**

**Supplement 1.** Structure of beverages consumption in the Czech Republic in millions CZK

**Supplement 2.** Consumption of non-alcoholic beverages in the Czech Republic in litres per capita

**Supplement 3.** Energy drinks leading trade mark owner owners 2004-2007, total market (volume)

**Supplement 4.** Energy drinks leading trade mark owners 2004-2007, chains market (volume)

**Supplement 5.** Photos of PR activities

**Supplement 6.** Advertising- photos

**Supplement 7.** Questionnaire

**Supplement 8.** Tables for questionnaire analysis

**Supplement 9.** Test of independence

### Supplement 1.

**Table 1- Structure of beverages consumption in the Czech Republic in millions**

**CZK**

	2001	2002	2003	2004	2005	2006	2007
beverages TOTAL	2471	2735	2831	2800	2796	2793	2755
fizzy beverages	1174	1290	1337	1301	1289	1319	1299
bottled water	780	861	888	888	912	894	886
sirup	249	266	259	252	224	213	212
juices	73	76	72	78	84	83	74
nectars	38	39	48	50	56	65	58
fruit drinks	92	124	163	156	126	103	95
instant drinks	43	52	22	22	21	20	20
ice tea	16	21	33	43	72	81	91
sport drinks	2	1	2	1	1	2	2
energy drinks	4	5	5	7	9	11	17
ice coffee	1	1	2	2	2	3	3
TOTAL	4943	5471	5662	5600	5592	5587	5512

### Supplement 2.

**Table 2- Consumption of non-alcoholic beverages in the Czech Republic in litres per capita**

year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
consumption (litres per capita)	152	167	180	189	217	234	242	268	277	274	274	274	271
year difference		15	13	9	28	17	8	26	9	-3	0	0	-3

### Supplement 3.

**Table 3- Energy drinks leading trade mark owners evolution 2004-2007, total market, % share (volume)**

	2004	2005	2006	2007
Red Bull trading	38,70%	40,40%	44,70%	52,40%
Al Namura	6,00%	11,20%	16,40%	16,90%
Pinelli	38,70%	31,50%	27,50%	16,10%
Tecfood	8,90%	10,10%	5,00%	4,70%
others	7,70%	6,80%	6,40%	9,90%

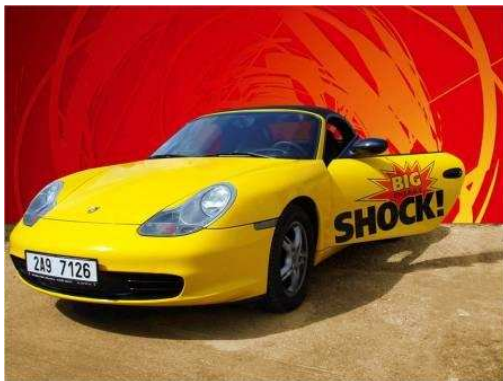


#### Supplement 4.

Table 4- Energy drinks leading trade mark owners evolution 2004-2007, chains market, % share (volume)

Company	2007
Rauch (Red Bull)	44,00%
Al Namura (Shock!)	28,00%
Pinelli (Semtex, Erectus)	11,90%
Gellwe	3,20%
Party power	3,40%
Tecfood (Kamikaze)	2,30%
Coca-cola (powerade)	1,80%
Pepsico (Gatorade)	0,50%
Own brands (privat)	4,90%

#### Supplement 5. Photos of PR activities





Supplement 6. Advertising- photos



## Supplement 7. Questionnaire

### Questionnaire

#### Energy drink and students

Dear FEM CULS students,

Please fill in this questionnaire. The data being collected from this survey will be used solely for the purposes of the diploma thesis.

Anonymity is assured. Completion is relatively simple by answering with "x". Most responses require only one answer unless otherwise noted.

Thank You for your cooperation.

Student of the fifth year FEM CULS.

---

**1. Do you consume energy drinks at least once a month on average?**

yes

no

If NO, jump ahead to question number 9.

**2. Reasons for consuming energy drinks. Please indicate frequency. (choose one or more answers)**

	2 per week and more	1 per week	1per fortnight	1 per month	Less than 1 per month
<input type="checkbox"/> tiredness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> increased physical activity (sport etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> studying for school	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> studying for exams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> driving a car	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> party, disco, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> other reasons: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**3. Where do you usually buy your energy drinks? (choose one answer)**

shop

school

disco, bar, restaurant etc.

petrol station

other places:.....

**4. Which factor is the most important in making your decision? (choose one or two answers)**

price

promotion

- brand
- design
- advertisement
- other, state.....

**5. Are you satisfied with distribution in the Czech Republic? (choose just one answer)**

- Satisfied    Rather satisfied    Rather dissatisfied    dissatisfied    Don't know
- 

**6. Which brand do you prefer? (choose just one answer)**

- Red Bull
- Kamikazı
- Shock!
- Semtex
- Erektus
- other

**7. What version do you prefer? (choose just one answer)**

- sugar-free     „normal“     don't know, don't mind

**8. What size do you prefer? (choose just one answer)**

- 250ml
- 500ml
- other size:.....

**9. Sex**

- woman             man

**10. Age**

- 20 year and less     21-25 years                       26 years and more

**11. Education status**

- daily                       distant                       other                       don't study

**12. Year of study**

- first                       second                       third                       fourth                       fifth                       further

**13. Work**

- full time                       part time                       temporary job                       other                       don't work

**14. Intensity of study (or work if you don't study)?**

- easy                                                                                                                                    Very hard
- 1                      2                      3                      4                      5

Thank you very much for your cooperation

### Supplement 8. Tables for questionnaire analysis

Table 4- Frequency of energy drink consumption because of tiredness

	GSG Students	GSG Students	FEM CULS students	FEM CULS students
2 per week	3	3,37%	8	7,84%
1 per week	11	12,36%	11	10,78%
1 per 2weeks	14	15,73%	12	11,76%
1 per month	13	14,61%	22	21,57%
less than 1per month	14	15,73%	18	17,65%
never	34	38,20%	31	30,39%
	89	100,00%	102	100,00%

Table 5- Frequency of energy drink consumption because of physical activity

	GSG students		FEM CULS students	
2 per week	21	23,60%	6	5,88%
1 per week	9	10,11%	10	9,80%
1 per 2weeks	9	10,11%	10	9,80%
1 per month	13	14,61%	7	6,86%
1 monthly or less	10	11,24%	19	18,63%
never	27	30,34%	50	49,02%
		100,00%		100,00%

Table 6- Frequency of energy drink consumption because of studying

	FEM				GSG	
	semester	exam period	semester	exam period		
2 per week	1	25	0,98%	24,51%	1	1,12%
1 per week	1	14	0,98%	13,73%	3	3,37%
1 per 2weeks	9	6	8,82%	5,88%	8	8,99%
1 per month	3	3	2,94%	2,94%	11	12,36%
les than 1monthly	15	10	14,71%	9,80%	14	15,73%
never	73	44	71,57%	43,14%	52	58,43%
			100,00%	100,00%		100,00%

Table 7- Frequency of energy drink consumption because of car driving

	GSG students	FEM CULS students	GSG students	FEM CULS students
2 per week	0	1	0,00%	0,98%
1 per week	2	6	2,25%	5,88%
1 per 2weeks	1	7	1,12%	6,86%
1 per month	1	13	1,12%	12,75%
less than 1monthly	15	19	16,85%	18,63%
never	70	56	78,65%	54,90%
			100,00%	100,00%

Table 8- Frequency of energy drink consumption at disco, bar etc.

	GSG students	FEM CULS students	GSG students	FEM CULS students
2 per week	3	0	3,37%	0,00%
1 per week	7	11	7,87%	10,78%
1 per 2weeks	14	13	15,73%	12,75%
1 per month	20	15	22,47%	14,71%
less than 1monthly	15	18	16,85%	17,65%
never	30	45	33,71%	44,12%
			100,00%	100,00%

Table 9- Where do you usually buy your energy drink?

	GSG	FEM	GSG students	FEM CULS students
shop	56	68	62,92%	66,67%
school	5	3	5,62%	2,94%
disco	17	24	19,10%	23,53%
petrol station	3	6	3,37%	5,88%
other	8	1	8,99%	0,98%
			100,00%	100,00%

Table 10- Which factor is the most important when making your decision?

	GSG students		FEM students	
price	44	35,20%	51	32,28%
promotion	5	4,00%	8	5,06%
brand	54	43,20%	79	50,00%
design	4	3,20%	3	1,90%
advertising	3	2,40%	2	1,27%
other	15	12,00%	15	9,49%
		100,00%		100,00%

Table 11-Are you satisfied with the distribution in the Czech market?

	GSG students		FEM CULS students	
satisfied	25	28,09%	33	32,35%
rather satisfied	45	50,56%	56	54,90%
rather dissatisfied	9	10,11%	3	2,94%
dissatisfied	1	1,12%	1	0,98%
dont know	9	10,11%	9	8,82%
		100,00%		100,00%

Table 12- Which brand do you prefer?

	GSG	FEM	GSG students	FEM CULS students
Red Bull	46	58	51,69%	56,86%
Kamikaze	4	4	4,49%	3,92%
Shock!	21	24	23,60%	23,53%
Semtex	5	8	5,62%	7,84%
Erektus	0	0	0,00%	0,00%
other	13	8	14,61%	7,84%
			100,00%	100,00%

Table 13- What version do you prefer?

	GSG	FEM	GSG students	FEM CULS students
sugarfree	10	16	11,24%	15,69%
normal	45	60	50,56%	58,82%
dont mind	34	26	38,20%	25,49%
			100,00%	100,00%

Table 14- What size do you prefer?

	GSG	FEM	GSG students	FEM CULS students
250ml	53	73	59,55%	71,57%
500ml	32	24	35,96%	23,53%
other	4	5	4,49%	4,90%
			100,00%	100,00%



Table 15- Relation between gender and energy drink consumption by school

GSG	female	male		FEM	female	male	total
yes GSG	47	42	89	yes	62	40	102
	51,09%	61,76%			44,60%	65,57%	
	52,81%	47,19%	100,00%		60,78%	39,22%	100,00%
	29,38%	26,25%	55,63%		31,00%	20,00%	51,00%
no	45	26	71	no	77	21	98
	48,91%	38,24%			55,40%	34,43%	
	63,38%	36,62%	100,00%		78,57%	21,43%	100,00%
	28,13%	16,25%	44,38%		38,50%	10,50%	49,00%
all groups	92	68	160	all groups	139	61	200
	57,50%	42,50%	100,00%		69,50%	30,50%	100,00%
total	100,00%	100,00%		total	100,00%	100,00%	

Table 16- Contingency table: Consumption of energy drink x sex

	female	male	
yes	109	82	191
	57,07%	42,93%	100,00%
	47,19%	63,57%	
no	122	47	169
	72,19%	27,81%	100,00%
	52,81%	36,43%	
	231	129	360
	100,00%	100,00%	

Table 17- Contingency table: Type of school x consumption

	yes	no	
GSG	89	71	160
	55,63%	44,38%	100,00%
	46,60%	42,01%	
FEM	102	98	200
	51,00%	49,00%	100,00%
	53,40%	57,99%	
	191	169	360
	100,00%	100,00%	

Table 18- Contingency table: reason of consumption x type of school

	GSG	FEM CULS		GSG	FEM CULS
tiredness	55	71	tiredness	61,80%	69,61%
sport	62	52	sport	69,66%	50,98%
studying	37	44	studying	41,57%	56,86%
driving a car	19	48	driving a car	21,35%	47,06%
party	69	57	party	77,53%	55,88%
other	10	12	other	11,24%	11,76%
	89	102			

Table 19- Contingency table: Factor influencing decision x place of shopping

	shop	disco	other	total
price	71	15	9	95
	74,74%	15,79%	9,47%	100,00%
	37,97%	25,42%	24,32%	
brand	88	28	17	133
	66,17%	21,05%	12,78%	100,00%
	47,06%	47,46%	45,95%	
other	28	16	11	55
	50,91%	29,09%	20,00%	100,00%
	14,97%	27,12%	29,73%	
	187	59	37	283
total	100,00%	100,00%	100,00%	

Table 20- Study intensity x energy drink consumption

	GSG			FEM		
	yes	no		yes	no	
easy	5	6	11	11	10	21
	45,45%	54,55%	100,00%	52,38%	47,62%	100,00%
	5,62%	8,45%		10,78%	10,20%	
average	33	28	61	56	58	114
	54,10%	45,90%	100,00%	49,12%	50,88%	100,00%
	37,08%	39,44%		54,90%	59,18%	
hard	51	37	88	35	30	65
	57,95%	42,05%	100,00%	53,85%	46,15%	100,00%
	57,30%	52,11%		34,31%	30,61%	
total	89	71	160	102	98	200
	100,00%	100,00%		100,00%	100,00%	



Table 23- Contingency table: Year of study x reasons for consumption FEM

	tiredness	sport	studying	car driving	disco	other	
year 1	20	18	20	11	14	3	86
	23,26%	20,93%	23,26%	12,79%	16,28%	3,49%	100,00%
	28,17%	34,62%	34,48%	23,91%	24,56%	25,00%	
year 2	19	12	12	13	15	4	75
	25,33%	16,00%	16,00%	17,33%	20,00%	5,33%	100,00%
	26,76%	23,08%	20,69%	28,26%	26,32%	33,33%	
year 3	10	8	9	9	15	2	53
	18,87%	15,09%	16,98%	16,98%	28,30%	3,77%	100,00%
	14,08%	15,38%	15,52%	19,57%	26,32%	16,67%	
year 4	6	6	6	5	4	2	29
	20,69%	20,69%	20,69%	17,24%	13,79%	6,90%	100,00%
	8,45%	11,54%	10,34%	10,87%	7,02%	16,67%	
year 5	16	8	11	8	9	1	53
	30,19%	15,09%	20,75%	15,09%	16,98%	1,89%	100,00%
	22,54%	15,38%	18,97%	17,39%	15,79%	8,33%	
	71	52	58	46	57	12	296
	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	

Table 24- Contingency table: size of energy drink x brand

	Red Bull	Kamikaze	Shock	Semtex	other	total
250ml	87	4	14	10	10	125
	69,60%	3,20%	11,20%	8,00%	8,00%	100,00%
	83,65%	50,00%	31,82%	76,92%	47,62%	
500ml	13	4	28	3	8	56
	23,21%	7,14%	50,00%	5,36%	14,29%	100,00%
	12,50%	50,00%	63,64%	23,08%	38,10%	
other	4	0	2	0	3	9
	44,44%	0,00%	22,22%	0,00%	33,33%	100,00%
	3,85%	0,00%	4,55%	0,00%	14,29%	
	104	8	44	13	21	190
total	100,00%	100,00%	100,00%	100,00%	100,00%	

Table 25- Contingency table: energy drink vision x sex

	female	male	
sugarfree	17	9	26
	65,38%	34,62%	100,00%
	15,60%	10,98%	
normal	54	51	105
	51,43%	48,57%	100,00%
	49,54%	62,20%	
dont mind	38	22	60
	63,33%	36,67%	100,00%
	34,86%	26,83%	
	109	82	191
	100,00%	100,00%	

### Supplement 9. Test of independence

#### 1. Hypothesis

Test of independence between the rows and the columns (Chi-square):

Chi-square (Observed value)	0,763
Chi-square (Critical value)	3,841
DF	1
p-value	0,382
alpha	0,05

Test interpretation:

H<sub>0</sub>: The rows and the columns of the table are independent.

H<sub>a</sub>: There is a link between the rows and the columns of the table.

As the computed p-value is greater than the significance level  $\alpha=0,05$ , one should accept the null hypothesis H<sub>0</sub>.

## 2. Hypothesis

Test of independence between the rows and the columns (Chi-square):

Chi-square (Observed value)	8,917
Chi-square (Critical value)	3,841
DF	1
p-value	0,003
alpha	0,05

Test interpretation:

H<sub>0</sub>: The rows and the columns of the table are independent.

H<sub>a</sub>: There is a link between the rows and the columns of the table.

As the computed p-value is lower than the significance level  $\alpha=0,05$ , one should reject the null hypothesis H<sub>0</sub>, and accept the alternative hypothesis H<sub>a</sub>.

## 3. Hypothesis

Test of independence between the rows and the columns (Chi-square):

Chi-square (Observed value)	17,705
Chi-square (Critical value)	11,070
DF	5
p-value	0,003
alpha	0,05

Test interpretation:

H<sub>0</sub>: The rows and the columns of the table are independent.

H<sub>a</sub>: There is a link between the rows and the columns of the table.

As the computed p-value is lower than the significance level  $\alpha=0,05$ , one should reject the null hypothesis H<sub>0</sub>, and accept the alternative hypothesis H<sub>a</sub>. Contingency coefficient is just 0,177.

#### 4. Hypothesis

Test of independence between the rows and the columns (Chi-square):

Chi-square (Observed value)	3,058
Chi-square (Critical value)	5,991
DF	2
p-value	0,217
alpha	0,05

Test interpretation:

H0: The rows and the columns of the table are independent.

Ha: There is a link between the rows and the columns of the table.

As the computed p-value is greater than the significance level  $\alpha=0,05$ , one should accept the null hypothesis H0.

#### 5. Hypothesis

Test of independence between the rows and the columns (Chi-square):

GSG students		FEM students	
Chi-square (Observed value)	0,712	Chi-square (Observed value)	0,387
Chi-square (Critical value)	5,991	Chi-square (Critical value)	5,991
DF	2	DF	2
p-value	0,700	p-value	0,824
alpha	0,05	alpha	0,05

Test interpretation:

H0: The rows and the columns of the table are independent.

Ha: There is a link between the rows and the columns of the table.

As the computed p-value is greater than the significance level  $\alpha=0,05$ , one should accept the null hypothesis H0.