

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Diploma Thesis**

**EVALUATION OF MARKETING MIX IN A  
SELECTED COMPANY**

**JAN LANGMAIER**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## DIPLOMA THESIS ASSIGNMENT

Jan Langmaier

Economics and Management

Thesis title

Evaluation of Marketing Mix in a selected company

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### Objectives of thesis

The goal of this thesis is detailed exploration of the marketing mix concept, i.e. finding out how is the marketing mix utilized in the "Baby Office" company. In other words this thesis will define current marketing mix used by the company. Based on personal experience, the current situation analysis and on the results of marketing survey, recommendations will be suggested, which should lead to an improvement of the efficiency and result in the increase in sales of services provided by Baby Office.

### Methodology

At first, there are applied many methodological tools, however, mainly summarizing and analysing the opportunities in the marketing on the basis of theoretical knowledge gained from the literature and marketing survey. Next, also appreciable is author's experience gained in time of working as a trainee in selected company, where the researcher had an opportunity to find out how the company operates and how their marketing mix instruments are implemented.

The proposed extent of the thesis

Approx 50-60 pages

Keywords

Marketing mix, marketing, Baby Office, Promotion, Marketing tools,

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Recommended information sources

Kotler Philip, and Gary Armstrong. Principles of marketing. 5th ed. Englewood Cliffs, N.J.: Prentice Hall, 1991. ISBN 0273742973

Kotler Philip, and Kevin Lane Keller. Marketing Management. 1. Vyd. ed. Praha: Grada, 2007. Print. ISBN 9788024713595

Kotler Philip. Kotler on marketing: how to create, win, and dominate markets. New York: Free Press, 1999. ISBN 0684844982

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The Diploma Thesis Supervisor

Ing. Richard Selby, Ph.D.

Supervising department

Department of Management

Electronic approval: 20. 10. 2015

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 11. 11. 2015

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 25. 11. 2015

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### **Declaration**

I declare that I have worked on my diploma thesis entitled "Evaluation of marketing mix in a selected company" by myself and I have used only the sources cited at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any other person.

In Prague on 30<sup>th</sup> of November 2015

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### **Acknowledgement**

I would like to thank Ing. Richard Selby, Ph.D. for his advice and support during my work on this thesis.

# **Evaluation of Marketing Mix in a selected company**

## **Abstract**

The goal of the diploma thesis “Evaluation of Marketing Mix in a selected company” is to analyze the current marketing mix of selected company where as an object of analysis the company Baby Office has been chosen. The theoretical part deals with the basis of marketing, marketing environment and segmentation. Various concepts of marketing mix are introduced, however, the main part of the work is devoted to the marketing mix 7P (product, price, place, promotion, people, physical evidence and process) which is characteristic for the service sector in which the company operates. In the practical part, the selected company is introduced, and individual instruments of marketing mix closely examined. Based on the findings the recommendations are proposed.

**Keywords:** Marketing mix, marketing, Baby Office, marketing tools, promotion

# Zhodnocení marketingového mixu vybrané společnosti

## Souhrn

Cílem diplomové práce „Zhodnocení marketingového mixu vybrané společnosti“ je analýza současného marketingového mixu, kde jako předmět analýzy byla vybrána společnost Baby Office. Teoretická část se věnuje základům marketingu, marketingovému prostředí, a segmentaci. Řada konceptů marketingového mixu byla představena, avšak hlavní část byla věnována marketingovému mixu 7P (produkt, cena, distribuce, propagace, materiální prostředí a proces), který je charakteristický pro sektor služeb, v němž daná firma podniká. V praktické části je představena vybraná společnost a jednotlivé nástroje marketingového mixu rozebrány. Na základě zjištěných faktů byla navržena doporučení.

**Klíčová slova:** Marketingový mix, marketing, Baby Office, marketingové nástroje, propagace

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# 1 Introduction

In today's highly competitive environment, marketing should be not understood only as the ability to convince potential customer to buy products or services but also to meet customer's needs and wants. The study of customer's needs and subsequently meet these needs are the basic building block for any kind of business. That is why the marketing became an indispensable tool for attracting and retaining loyal customers.

Marketing mix is a tactical tool, which is based on long-term company strategy. Classical concept of marketing mix represents product, price, place and promotion. Since this diploma thesis deals with the company operating in the service sector, practical part is focused in more detail on explanation of individual instruments of the model "7P" – product (service), price, place, promotion, people, physical evidence and process.

As an object of analysis the company Baby Office s.r.o. based in Prague was chosen. Parents of young children cannot find enough opportunities for work and self-realization. Baby Office is an unique project in the Czech Republic, which is supposed to fill a gap in the market and provides full facilities for working parents and quality care for their children and that all "under one roof".

The reason why author picked up this company is because he had an opportunity to undergo an internship as marketing specialist and can thus apply the theoretical knowledge acquired during studies as well as practical experience gained during the internship.

## **2 Objectives and Methodology**

### **2.1 Objectives**

This thesis will define marketing in general, specifics of the marketing mix and its instruments with regards to service sector. The main goal of this diploma thesis is to evaluate the current marketing mix of selected company where as an object of analysis the company Baby Office has been chosen. Subsidiary objective is focused on evaluation of customer satisfaction with certain elements of the marketing mix. Based on the analysis of the marketing environment, current marketing mix and results of questionnaires, the author of this diploma thesis will suggest recommendations that would eventually help the company to gain a competitive advantage in order to retain loyal customers and attract new potential clients.

### **2.2 Methodology**

In the theoretical part the literature published by professionals has been used. Author applied methods of induction, deduction and comparison and briefly described the concept of marketing, explained the specifics of services, emphasized the importance of segmentation, introduced individual concepts of marketing mix and then focused more on the selected concept of "7P" because this extended concept of the marketing mix represents all the characteristics of the services sector in which is the company Baby Office operating.

In the practical part, author analyzed the macro-environment of the company using the PEST analysis. Further step was to apply the knowledge gained from the literature on this company and find out to what extent they use marketing instruments. In next, also appreciable is author's experience gained in time of working as a trainee in selected company, where he had an opportunity to figure out how the company operates and how their marketing mix instruments are implemented and therefore the method of observation has been applied as well. Thesis is further enhanced by the supporting survey conducted through written questioning in order to evaluate customer's satisfaction with certain elements of the marketing mix, together with customer's preferences.

## 3 Literature Review

### 3.1 Marketing

Nowadays Marketing concept is quite familiar term but still a lot of people cannot this term accurately describe or explain. Even nowadays, when the getting of information is simpler thanks to use of the internet a lot of people think that marketing is just selling and advertising. It is not surprising since we all are every day surrounded by television advertisements, on social networks we see all campaigns forcing us to try out something new, buy more and get something extra, we have a mailbox full of advertising flyers. Although sales and advertising are important they represent just two marketing functions which in many cases may not even be the most important part [1].

Marketing should be not understood as the ability to convince and sell but to reflect on new meaning, and to meet customer needs. Study of customer needs and subsequently meet these needs are the basic building block for any kind of business.

“Marketing is a significant dimension of any business in today’s highly competitive environment and financial success is often dependent on marketing ability. Finance, operations, accounting, administration and other business functions will not really matter if companies do not understand consumer needs and identify sufficient demand for their products and services for them to make a profit [2].”

To summarize it, marketing is a continuous process of analyzing, planning, implementation and monitoring. Its main purpose is to create and maintain relationships with target customers, which will enable companies and other entities to achieve their goals [3].

Despite the large amount of marketing definitions, all agree on the following points:

- Marketing is a set of activities oriented on market.
- The aim is to exchange one value for another.
- Marketing process is based on an estimate of consumer’s needs and creating offer leading to their satisfaction.
- The aim of marketing is to sell a product with a long-term focus on profit and repetitiveness of purchase [4].

## **3.2 The marketing environment**

Marketing environment of the Company consists of a number of factors and forces outside of marketing that affect the ability to develop and maintain successful relationships with target customers. That environment represents both opportunities and threats. Firms that are successful in the market are fully aware of how important it is to continuously monitor changes in the environment, and then adapt to them. Unfortunately, it often happens that firms are unable to perceive change as an opportunity [1].

Marketing environment can be divided into macro and micro-environment which will be further described in following chapter.

### **3.2.1 Macro-environment**

Macro-environment, the external environment of the company consists of several factors, and based on them it is possible to identify the opportunities and risks of the organization. The organization is unable to influence individual factors of environment, but can monitor and adapt their marketing strategies [3].

**Macro-environment can be divided into six main factors:**

- Demographic environment
- Economic environment
- Natural environment
- Political environment
- Technological environment
- Cultural environment

### **3.2.2 Micro-environment**

As already has been stated the main task of marketing is to create loyal customers. Marketing managers do not manage it by themselves because their success does not depend only on them but also on other factors such as workers in other departments, suppliers, customers, and competitors and various segments of public [1].

### 3.3 Market segmentation – Who is our customer?

Market segmentation is the process in which are potential customers divided into homogenous groups, in other words, groups with the same needs, desires and reactions to marketing stimuli. Companies can define target markets in different ways using multiple criteria. Market segmentation or let's say decision on which target group or segment the business will focus on is very important step in the formulation of any marketing plan [7].

It is clear that today's companies do not produce products for the entire market, but for one or more specific segments. Segments can be distinguished by many ways:

**Table 1 - Types of segmentation**

Category	Variables
Demographic	Age, gender, social class, income, ethnic group, religion, stage in life, type of housing, education, profession, number of children, etc.
Geographic	Region, country differences, Population, Population density, permanent residence, etc.
Psychographic	Self-concept, personality, life-style, hobby, etc.
Behavioral	Brand loyalty, extent of usage, usage situation benefits desired, etc.

Source: KOTLER, Philip. *Principles of Marketing*, own processing

## 3.4 Marketing mix

### 3.4.1 History of marketing mix

The term marketing mix was first used in 1948 by Harvard Professor Neil Borden, Culliton's colleague. His main goal was to express the fact that the marketing activities of the company cannot be perceived as a mere sum of individual actions, but as a whole. In order to assemble mix successfully, it must be harmoniously and effectively interconnected [8].

### 3.4.2 Concept of marketing mix

#### 3.4.2.1 4Ps concept

*“The set of controllable tactical marketing tools - product, price, place and promotion - that the firm blends to produce response it wants in the target market [1].”*

- **Product** - a product or service that aims to satisfy needs of the potential customer, or to solve a specific problem.
- **Price** - pricing policy of products or services, taking into account how much target group will be willing to pay for a certain item.
- **Place** - where and in what way the product can be bought. (What channel is suitable for selling a certain product).
- **Promotion** - how the target group becomes aware of the product or service.

As already has been stated the company strategy is based on four basic tools of the marketing mix, also known as the "4P" introduced by Professor Jerome McCarthy. Correct assembling of these four components brings to company not only customers, but another benefit - a competitive advantage. Let's say that these four instruments can be considered as fundamental or rather classical form of the marketing mix. On the other hand, today there is a variety of marketing concepts sometimes it is just a simple addition of other elements to the original model 4P, while its meaning is retained. We must realize that it is necessary to distinguish the different composition of the mix, according to economic sectors (tourism, services, education, banking, commerce, business with various portfolio etc.), which is demonstrated in the table on the next page.



**Table 2 - Elements of the marketing mix in selected areas**

<b>Classical product 4P</b>	<b>Service 6P</b>	<b>Tourism Hospitality 8P</b>	<b>Education 6P</b>	<b>Banking 6P</b>	<b>Business 7P</b>
Product	Product	Product	Product	Product	Product 1
Price	Price	Price	Price	Price	Product 2
Place	Place	Place	Place	Place	Product 3
Promotion	Promotion	Promotion	Promotion	Promotion	Place
	People	People	Personalities	Participans	People
	Process	Packaging	Process pedago-	Process	Price
		Programming	gical approaches	Physical evidence	Promotion
		Partnership	Partipation		

Source: HESKOVÁ, Marie. *Marketingová komunikace součást marketingového mixu*, own processing

### 3.4.2.2 4Cs concept

Robert Lauterborn created 4Cs concept, which focuses on the marketing mix from the buyer's point of view. Unlike the original 4Ps, Lauterborn takes into account the customer's view that understands marketing tools as bearer of consumer benefit. While marketers look at each other as people selling product, the customers see themselves as people buying a value. Therefore Lauterborn modifies the original four P into following [2]:

**Table 3 - Different perspective of marketing mix**

4Ps	4Cs
Product	Customer Value
Price	Customer Value
Place	Convenience
Promotion	Communication

Source: KOTLER, Philip. *Principles of Marketing*, own processing

### **3.4.2.3 4Ss concept**

In the Czech language, individual letters "S" stand for - **S**egmentace zákazníků (Customer Segmentation), **S**tanovení užitku (Determination of benefit), **S**pokojenost zákazníka (Customer satisfaction), **S**oustavnost péče (Consistency of care) – that's why this concept is called 4S.

This form similarly as the 4Cs concept also expresses customer orientation, but emphasizes the other components, namely [4]:

- Customer Segmentation - Identifying and acquiring target group of customers selected by company.
- Determination of benefit - Specific benefits and advantages that product or service will bring and distinguishing them from competing products.
- Customer satisfaction - The customer is at the center of all business activities.
- Consistency of care - Focus on building long-term relations between the firm and the client.

## **3.5 Individual instruments of marketing mix**

Since this diploma thesis deals with the company operating in the service sector this chapter is focused in more detail on explanation of individual instruments of the model "7P" – product (service), price, place, promotion, people, physical evidence and process.

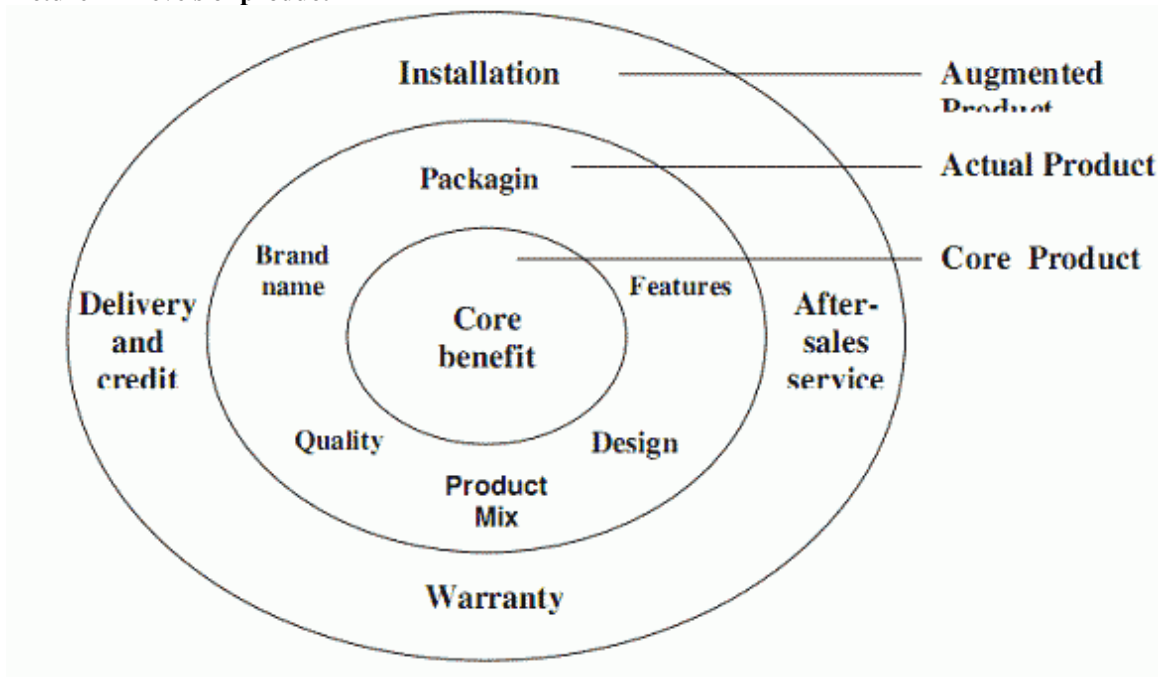
### **3.5.1 Product**

The product is considered as a key element of the marketing mix. It is defined as anything what can be offered to attract attention, purchase, use or consumption, everything what can satisfy the desire or need. Products involve more than only material stuff. In general it includes physical objects, services, people, places, organizations, ideas and their combinations of course [1].

The basis of any business is product or offer. The aim of the company is to reach the level at which their product would differ from these of competitors in order to force consumers to prefer them among other company's offers and even paid for them higher price.

### 3.5.1.1 Levels of product

Picture 1 - Levels of product



Source: <http://www.bbmms.org/>

#### **Core product**

*“The most basic level is the core customer value, which addresses the question What is the buyer really buying? When designing product, marketers must first define the core, problem-solving benefits or services that consumers seek [1].”*

#### **Actual product**

Actual product has five characteristics: quality level, features of product or service, design, brand name and packaging.

These are important characteristics which help in today's highly competitive environment to manufacturers, traders and service providers to differentiate themselves from their competitors so they can attract potential customers.

### Augmented product

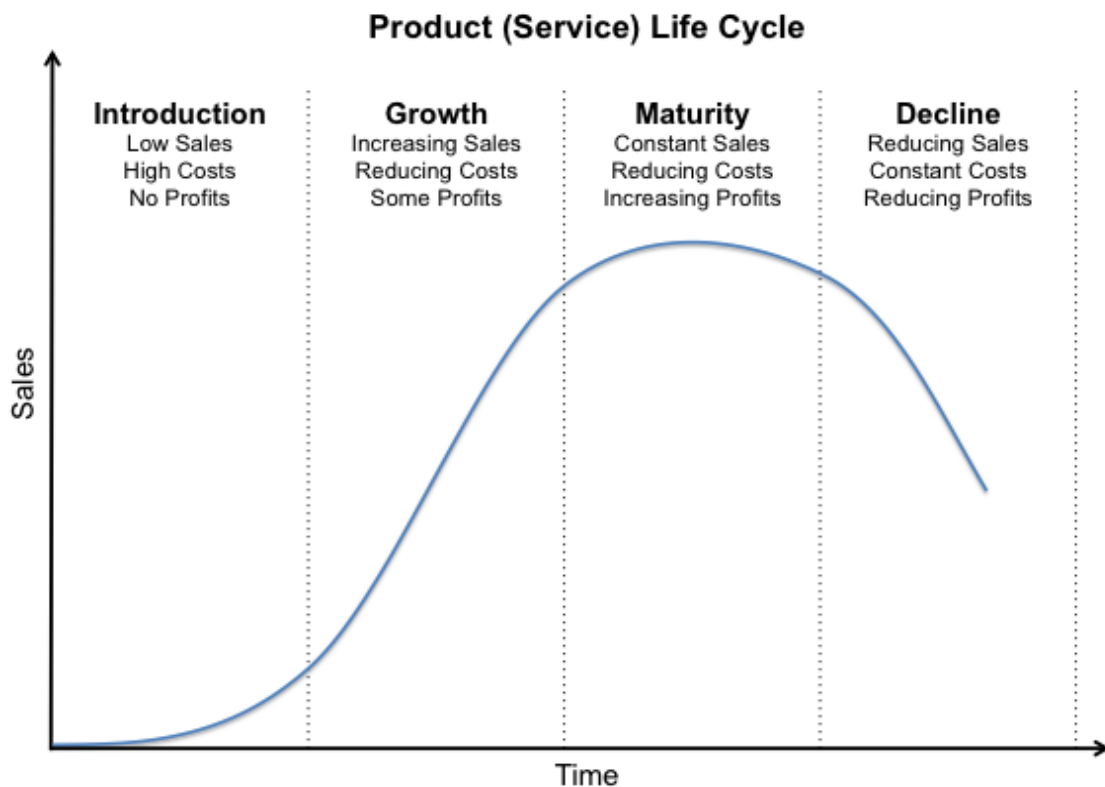
The goal of augmented product is to enrich the actual and core product by additional consumer services and benefits that give the customer a perceived advantage. Mostly these are services related to the purchase of the product. It can be a service to consumers, installation, consulting, upgrades, repairs and maintenance or guarantees, loans, payment terms and more [3].

*“For example, when selling a video recorder, the company must provide consumers with a complete solution to their picture-taking problems: A warranty on parts and workmanship, free lessons on how to use the quick repair services when needed, and a toll-free telephone number to call if they have problems or questions. To the consumer, all these augmentations become an important part of the total product [12].”*

#### 3.5.1.2 Product life cycle

In the following graph the individual stages of product life cycle are demonstrated.

**Graph 1 - Product life cycle**



Source: <http://conservationvacations.org/prologue-of-product-life-cycle/>

**Product/service life cycle can be divided into four basic stages [9]:**

### **Introduction Stage**

The introduction of a new product or service on the market is associated with high costs for research, development and consumer or market testing, especially if it's a competitive sector. The customer usually only tests the new product and thus the frequency of sales is very low. Everything depends on appropriately chosen marketing mix. The causes of slow growth in sales volumes may be different e.g.: a lack of promotion, the reluctance of customers to change their existing consumer behavior, problems of a technical nature (insufficient quality, failure) and the mistrust of consumers.

### **Growth Stage**

This stage is characterized by the growth in sales. Profits start to rise, the cost of the promotion and distribution will be spread to large volume production and begin to decline. Advertising partly changes from informative to persuasive. At the same time the competitors enter the market, they usually try to sell a product at a lower price. Therefore, we must constantly innovate the product and think about the right time to lower the prices.

### **Maturity Stage**

At this stage, the volume of sales and revenues is the highest but begins to slowly decline. The minimal cost of the promotion and increased competition leads to price cuts. The company must incur higher costs for advertising and sales promotion, in order to keep the company on the market. Weaker competitors leaving the market and company's marketers should start looking for new ways to innovate product, monitor competitive advantage or modify the product in order to gain an advantage over the competition. A company can enter new markets, thereby increasing the consumption of the product, or develop a product in order to attract new consumers or upgrade individual components of the marketing mix.

### **Decline Stage**

Competition is strong and leads to a significant decline in sales, better and higher quality products are emerging in the market and the competition strives to make the

product quite forced out of the market. Customer loyalty and interest in the product or service is gradually declining, investments in advertising do not make any sense, and even sales promotion tools are not effective. The product at this stage becomes unprofitable. Many companies try to fight against this situation by “Great offers”, but great discounts can cause a feeling of distrust and even the company's image may be jeopardized.

### **3.5.2 Service as a product**

Before thinking about any marketing strategy company must take into account if they want to sell a product or service.

A service is any activity or benefit that one party can offer the other side, it is essentially intangible and does not result in ownership. Services may or may not be associated with the material product [5].

**Four main categories of offers containing service are listed below [2]:**

- **Tangible products with accompanying services**

Tangible product supported by one or more services. This is e.g. PC + Customer Service.

- **Hybrid**

The ratio between goods and services in this category balances. This is e.g. a restaurant (people visit them, not only for food but also for entertainment).

- **Major service with accompanying minor goods or services**

The main argument for buying such a product is one greater service associated with other additional services or goods. As an example it is worth to mention Korean Airlines - customer purchasing flight, will also receive drinks and can watch a movie.

- **Genuine service**

Offer includes only the service (such as babysitting).

**Five main features of services [3]:**

**Intangible** – We cannot see or feel the services before we buy them. It means that the tour or accommodation cannot be pre-tested before purchasing. Customer can buy only the promise. The task for the seller is to prove the quality or try to materialize the services.

**Perishable** - Services cannot be stored. Transience is not a problem in case that demand is still constant. As soon as demand starts to fluctuate, the firm providing services has problem. If for example company failed to occupy rooms in the hotel, they can not in any way replace the lost opportunity.

**Inseparable** - Here we speak about the service provider interaction with customers. In order to make this relationship trouble-free, it is important to pay attention to the training and education at people coming into contact with customers.

**Heterogeneous** - Quality of services depends on how the services are provided by whom, when, where and how. In other words, we can say that the same services performed by the same employee for the same customer can be different at each time [6].

**The lack of ownership** - When customer buys a product such as a car, he gains a personal approach to the product indefinitely, since he owns that product. With this product, the owner can do whatever he wants, even to sell it. On the contrary, the service cannot be owned. The consumer has an access to services often only for a limited time [1].

A company operating in the services sector should focus on differentiation of its offer, improving the way of providing their services, take care of quality of the service in order to meet and exceed customer expectations. Strong emphasis should be given to performing service innovation and to thinking about more efficient service providing. Last but not least, taking care of employee productivity, paying attention to their qualification are crucial keys to success.

**The most important aspects that affect the quality of services [2]:**

**Reliability** - It is an ability to deliver the required service properly, accurately and reliably in order to meet the expectations of customers is the most important aspects that influence service quality and thus the preferences of potential customers.

**Receptivity** - Friendliness and willingness to provide prompt customer service and support plays a key role nowadays.

**Tangible aspects** - Includes factors such as objects, professional equipment, and appearance of staff providing services.

**Assurance** - The knowledge and skills of employees, polite behavior and ability to inspire confidence among customers should be in companies on a daily basis.

**Empathy** - Caring attitude and personalized customer care demonstrates that the company has a heart.

### **How to test the quality of services?**

One of the frequently used techniques is called “mystery shopping”. Companies hire people who in the stores act as ordinary customers. In fact, they do not have to buy anything, but their scope of work is to secretly test employees in stores, service quality and make reports. It is a very valuable source of feedback for company management through which the service can be brought to perfection.

### **3.5.3 Price**

*“The amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service [1].”*

Pricing is an important part of the marketing mix. Unlike other instruments of the marketing mix price does not require allocation of resources from the corporate budget but on the contrary it is potentially a source of income.

#### **3.5.3.1 Pricing strategy**

There are many types of strategies in terms of pricing. Nowadays, companies use combinations of several strategies. There are the most frequently used [10]:

**Price based on the cost** - Pricing based on costs is one of the most common and most frequently used methods of pricing. This method involves the application of differently modified calculation procedures, which are generally based on the calculation of the costs and profits of the product. One of the main reasons for using these methods is their simplicity and relatively easy availability of the underlying data for the calculation.



However, this method does not reflect the actual market situation and thus does not reflect real amount that customers are really willing to pay for the product.

**Price based on demand** - Pricing based on demand is based on an estimate of the sales depending on different price level. The basic principle of this pricing strategy is to set high prices during high demand and low prices in low demand, even if the cost per unit is the same in both cases.

**Competitive pricing** - This method is based on the assumption that the company wants to sell products or services which are comparable with competitors. If the product is functionally similar or identical, the price may be based on the price of market leading competitor. This method is particularly useful when entering new markets, i.e., in a situation where the market meets the interests of a large number of equally strong competitors.

The disadvantage is the possibility of price wars, which then can harm all the participating enterprises. Price war may result in situation that the price of company's product or service will not provide the desired level of profit.

**Price based on marketing goals** - In this method, the company must form its prices according to marketing objectives that company wants to reach on its target market. The more clearly are marketing objectives defined, the easier it is to determine the final price of products. When determining the price of this type the company can take into account any of the goals such as survival, profit maximization, maximizing turnover, maximizing market coverage and other.

**Perceived-Value Pricing** - In this approach it is a crucial factor how the potential customers perceive value of the product, and not the unit cost of production.

Companies applying this method must identify how much their customers are willing to pay for certain products or services and how great would be their turnover at these price levels in order to find out whether it will be technically possible to implement such a project.

### **3.5.3.2 Price Adjustments**

There are many types of price adjustments, mostly depends on specifics of the products/service or the sector the company operates in. In the list below are the most known kinds of price adjustments [2]:

- Cash rebates: customers reward for early payment.
- Discounts for bulk purchases: the larger quantity the lower price.
- Functional business discounts: discounts for traders or intermediaries, etc.
- Seasonal discounts: for buying products off-season, ensuring year-round production. Most often this discount can be observed in hotel industry.

### **3.5.4 Place / Distribution**

Distribution or distribution channels are another key element of the marketing mix. Most manufacturers don't sell their products directly to end customers, but use market intermediaries. Thanks to them the product goes step by step from place of origin to target customer. Choosing the right distribution channels affects all other marketing decisions. Distribution cannot be understood simply as the movement of goods in the physical condition but as a set of tangible and intangible flows that belong to distribution process. Building of distribution system takes years, and it is very difficult to change it [5].

Distribution of services to customers is directly related to their specific characteristics and immateriality and inseparability. Therefore, the distribution of services is governed by entirely different principles than in the case selling of goods. The involvement of intermediaries is less frequent. The organization differs depending on whether the customer goes for the service to a company or service comes at a customer [3].

#### **Distribution channel length**

Distribution of products and services can be divided into direct and indirect:

**Direct distribution** - This channel enables the producer / service provider an immediate contact with the customers, exchanging information with them and thus obtaining a feedback. In terms of time, this path is much shorter than the indirect distribution channels. On the other hand, it puts emphasis on business skills of employees [6].

**Indirect distribution** - If one or more intermediaries enter between the manufacturer and the final customer we talk about indirect distribution channel. Therefore there is no direct contact between the producer and the buyer. Indirect channel may have one, two, three and sometimes even more levels. Single-level distribution channel consists of a manufacturer, a intermediary and final customer. Two-level path includes manufacturers, two intermediaries and final customer. Three and more level distribution channels will contain further intermediaries, which can be, for example, wholesalers, agents, warehouses, etc [10].

### **Key functions of distribution channel members [1]:**

- Selling and promoting
- Buying and assortment building
- Bulk-breaking
- Warehousing
- Transportation
- Financing
- Risk bearing
- Market information
- Management services and advice

### **3.5.5 Promotion**

*“Promotion may be described as the collective activities, materials, and media used by a marketer to inform or remind prospective customers about a particular product offering and to attempt to persuade them to purchase or use it [11].”*

*“Promotion or marketing communication is not something marketers ‘do’ to consumers! It’s what occurs when marketers are sensitive to consumers’ needs and wants and communicate with them in responsible, respectful and relevant way. Remember that effective communication is a two-way process. Merely telling someone about your product is one-way process and is hardly likely to elicit much positive response [11].”*

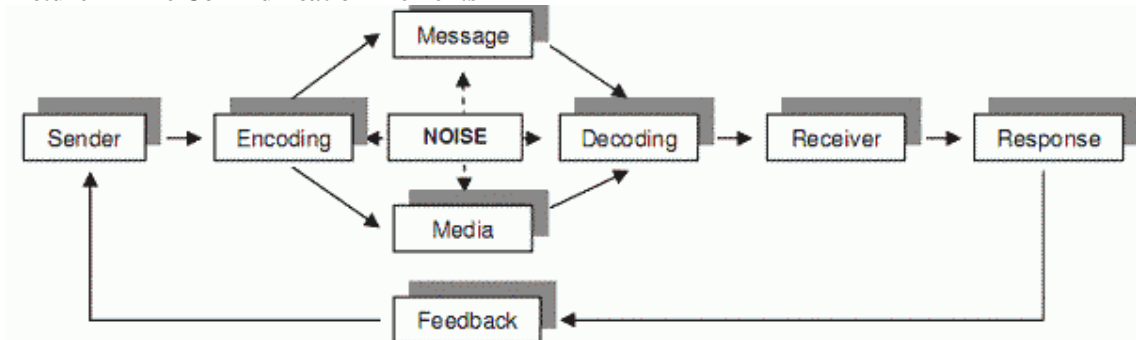
Consistency and synergy are the most crucial factors when deciding on promotion mix. Here is explained the meaning of these two words in order to get to know why they are such important[7]:

**Consistency** - All promotion mix instruments must work in the same direction and not to be in conflict with each other.

**Synergy** - All promotion mix instruments must be mixed in certain way that the results of the instruments would be mutually reinforcing.

### 3.5.5.1 Communication process

Picture 2 - The Communication Elements



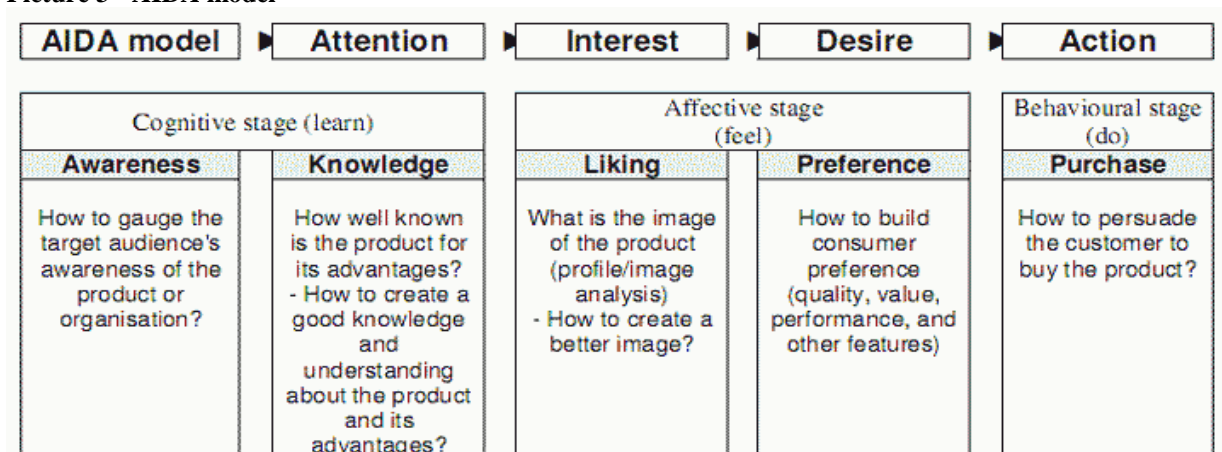
Source: <http://www.bbmms.org/2010/01/marketing-communication-system-and-the-promotion-mix/>

If the marketing staff wants to maintain effective communication they must understand the interdependencies of basic elements of effective communication. Two elements: the sender and recipient represent the two major players in the communication process. The other elements are the main communication functions or activities - encoding, decoding, response and feedback. The last element of communication is noise which can be whatever that causes a distortion of communication process.

### 3.5.5.2 Model AIDA

The long term goal of communication is to encourage the target group to buy the product or have adopted some ideas. Potential customers can go through several stages before final step - buying, which is well captured in the AIDA model.

Picture 3 - AIDA model



Source: <http://www.bbmms.org/2010/01/marketing-communication-system-and-the-promotion-mix/>

## Communication plan

In communication plan, following questions must be answered [7]:

- Situational analysis and marketing objectives: Why?
- Target group: Who?
- Communication objectives: What?
- Tools, techniques, channels and media: How and Where?
- Timing: When?
- Budget: How much?
- Measurement: How effective?

### 3.5.5.3 Types of communication

#### Mass communication

This type of communication uses the communication channels which mediate contact with the recipient in order to deliver message. The advantages of impersonal communications are e.g. low cost of reaching one potential customer or the ability to reach millions geographically dispersed people by one message. The disadvantage is the high total cost and less flexible feedback.

#### Personal Communication

It is a direct form of communication, in other words, face to face communication. The advantage is the possibility of the using elements of both verbal and non-verbal communication and getting immediate feedback. The disadvantages include the high financial costs of reaching one potential customer or small number of potential customers.

**Table 4 - Difference between personal and mass communications**

	<i>Personal communications</i>	<i>Mass communications</i>
<b>Reach of big audience</b> <ul style="list-style-type: none"> <li>■ Speed</li> <li>■ Costs/reached person</li> </ul>	Slow (selling), faster (DM) High	Fast Low
<b>Influence on individual</b> <ul style="list-style-type: none"> <li>■ Attention value</li> <li>■ Selective perception</li> <li>■ Comprehension</li> </ul>	High Relatively lower High	Low High Moderate–low
<b>Feedback</b> <ul style="list-style-type: none"> <li>■ Direction</li> <li>■ Speed of feedback</li> <li>■ Measuring effectiveness</li> </ul>	Two-way High Accurate	One-way Low Difficult

Source: PELSMACKER, Patrick de, Maggie GEUENS a Joeri van den BERGH. *Marketing communications: a European perspective*

#### **3.5.5.4 Promotion strategies**

The basis for achieving marketing communication objectives is the creation and selection of such a strategy, which may be helpful for the future development of the company and its stabilization and maintaining the market position. Promotional strategy can be divided into [8]:

##### **Push strategy**

The task of this strategy is to promote a product and get it to target customers with the help of distribution channels. Here, communication is used mainly through personal selling and sales support. First manufacturer convinces distributor about benefits and usefulness of their products, what in turn acts on customers in the same direction. Push strategy is usually selected rather by large companies with huge capital.

##### **Pull strategy**

This strategy goes in the opposite way, company at first tries to attract the attention of customers and on based on that generates a demand for certain product or service. In this method, advertising and publicity in the media play a major role. Customers are demanding the products from retailers, who then request these products from wholesalers or directly from producers. This strategy is typical for smaller start-ups or companies with lower capital.

#### **3.5.5.5 Communication mix**

Individual components of marketing communications support each other and their combinations are referred to communication mix, which includes [5]:

- Advertising
- Personal selling
- Sales promotion
- Direct marketing
- Public relations
- E-communication

### 3.5.5.6 Advertising

*“Advertising is non-personal mass communication using mass media (such as TV, radio, newspapers, magazines, billboards, etc.), the content of which is determined and paid for by a clearly identified sender (the company) [7].”*

Advertising has wide spectrum utilization because it not only serves to promote a specific product or service, but it also creates a long-term image of the company. That is crucial in today’s competitive world. As has been mentioned it is a paid and sometimes very costly indirect form of presentation of products or services. The aim of advertising is to inform and motivate potential customers to buy and become loyal. Due to the impersonal nature may not always be credible [8].

**Advertising can be divided into three types according to message objectives [8]:**

**Informative advertising** - Here the advertising informs the general public about the new product and its characteristics. The purpose is to induce interest and demand.

**Persuasive advertising** - This type of advertising is used during times of increased competitive pressure. It should have an effect on customers preferring certain product. It is an effort to encourage consumers for immediate purchase.

**Reminder advertising** - It is mainly used in the stage of maturity, for an established and well-known product when it is necessary to keep awareness of products and brand in the mind of the consumer.

### 3.5.5.7 Personal selling

*“Personal selling is the oral presentation and/or demonstration of one or more salespersons aimed at selling the product or services of a company. It is a personal contact between a company and representative and prospect or client [7].”*

Personal selling is a very effective tool for marketing communication, especially in those situations where consumer preferences are created. Thanks to the immediate personal interaction is this component of the communication mix able to convince customers much



better about the benefits of the certain product or service and influence their behavior more effectively than ordinary advertising that we can see for example in TV.

### **3.5.5.8 Sales promotion**

*“Sales promotions are sales-stimulating campaigns, such as price cuts, couponing, loyalty programmes, competition, free samples, etc [7].”*

Sales promotion uses short-term initiatives aimed at accelerating the sales. It focuses both on the customer, but also on intermediaries and on sales support in retail operations.

The mostly used tools or instruments of sales promotion focused on customers include: discount coupons, samples, discounts, discounted packages, loyalty programs, POP events, gifts etc.

Tools or instruments of sales promotion focused on intermediaries include: samples, discounts, products for free, business meetings, parties, entertainment, dining banquets etc. The last instruments of sales promotion focused on retail include: discounts from price list, retail vouchers, business meetings etc.

Among the weak points we can include limited duration and the fact that a high frequency and amount of discounts can damage the image of the product or even company.

### **3.5.5.9 Direct marketing**

*“Direct marketing communications are a personal and direct way to communicate with customers and potential clients or prospects [7].”*

Direct marketing is usually focused on a specific market segment chosen by company. This kind of method includes: written offers sent via the mail, telemarketing, e-commerce via the Internet, selling goods through the catalogs, as well as television, radio or print advertising. This requires direct response and immediate customer response.

**Direct marketing can be divided into two types [10]:**

- **Addressed direct marketing**

Offers are addressed to specific individuals, which are usually included in a database of clients.

- **Non-addressed direct marketing**

Offers are addressed to a selected segment but not to concrete person.

### **3.5.5.10 Public relations**

*“Public relations consist of all the communications a company instigates with its audiences or stakeholders. Stakeholders are groups of individuals or organizations with whom the company wants to create goodwill. Press releases and conferences, some of the major public relations tools, should generate publicity. Publicity is impersonal mass communication ion mass media, but is not paid for by a company and content is written by journalists (which means that negative publicity is also possible) [7].”*

**A set of basic tools of public relations activities is short called "PENCILS" [10]:**

- P – Publications
- E – Events
- N – News
- C – Community involvement activities
- I – Identity media
- L – Lobbying activity
- S – Social responsibility activities

### **3.5.5.11 E-communication**

*“E-communications offer new ways to communicate interactively with different stakeholders. The internet, together with e-commerce, combines communication with selling. Mobile marketing uses the possibilities of text, video and sound transfer to mobile phones. Interactive digital television has the potential to transform traditional advertising into interactive communication on television [7].”*

The main advantages of internet communication include the possibility of accurate targeting, easy measurement of the user’s reaction and especially its interactive effect. Thanks to the internet we can communicate cheaply with world from a single location, which is from the perspective of costs incomparably more effective than other combinations [6].

### 3.5.6 People

This instrument of the marketing mix plays a crucial role in the services sector. It is important to note that people in this case does not include only employees, but every human factor that affect the operation of the company, and quality of service or product sold.

**Employees** - In today's competition, it is necessary to have in the shop a sufficient number of employees present having time to serve to individual customers and also to ensure adequately fast service. They should be really well educated about the products or services they sell. Demands are also made on both professional and personal characteristics of the staff. They must not only have professional qualifications and experience, but also must have good communication skills and a pleasant demeanor, which is necessary in dealing with customers. For this reason, companies should pay attention to the personel selection, to ensure their training and further education and adequately evaluate and motivate them.

They have the highest importance in an organization where the process of providing a service characterized by high customer contact and thus wage creates a substantial proportion of the total cost. Examples can be kindergartens, lawyers, consulting and some educational organizations [5].

**Customers** - Due to the fact that services are produced and consumed at the same time, it often happens that customers actively participate in the process.

There is really lot of customers on the planet, but they differ in their needs and shopping behavior. Therefore it is not appropriate and often not really realistic that the company aims to serve the whole market in the same way. Currently, many enterprises uses instead of mass marketing so-called target marketing, which consists in determining the segments of customers with similar needs, characteristics, rituals or behavior in order to adapt marketing mix to selected groups. Therefore, company should concentrate on selected segment or couple of segments, work with them and then track their customers buying habits. These buying habits along with all important information about the customers should be put together in database. Thanks to such a database company can come up with special offer or type of product / service which is tailor-made to customer's needs and wants.

## **Intermediaries**

*“The company needs to view its intermediaries in the same way it views its customers. Being able to stimulate channel members to top performance starts with understanding the intermediary’s needs and wants. The company should plan and implement careful training programmes, market research programmes, and other capability-building programmes to improve intermediary’s performance [2].”*

### **3.5.7 Physical evidence**

Due to intangibility of services the company should focus on building a good first impression. Since impressions and perceptions are the first things that customer gets when entering the organization’s environment (places where the service or product is delivered) and then evoke positive or negative expectations [5].

Firms must not neglect even the slightest detail. In case of physical evidence it may be external appearance of the building, entrance gates, the color of carpets and walls, shelves arrangement, how the store displays are installed, wallpapers textures, location of reception or overall layout of the store. Smells and sounds effects also play crucial role, as a great example can be traditional bakery, patisserie that attract you to enter only by means of the smell. Imagine shopping centers where you can hear slow melody which should makes your shopping more comfortable and reduces feeling of haste. Or bars, in whiskey bar you will probably hear slow songs which encourage you to drink expensive drinks and it will let you to really enjoy that luxury moment. On the other hand, if you come in to teenagers party where is the main goal is to drink a lot, the owner of the club will let DJ play some music of fast rhythm resulting in many shots. Many of these factors determine how the customer feels in the environment of your company, how fast the customer moves in the shop, and if he eventually buy the product or service.

The specifics of these aspects that elicit desirable customer response, we should coherently examine using marketing research. The main goal of these surveys is to find out the relationship between the environment and consumer behavior [5].

### **3.5.8 Process**

Processes refer to all activities, mechanisms, routines, steps and procedures by which the service is formed and gets to the customer. Processes are a key factor in increasing the overall quality of services provided. Firms providing services have the choice between various processes to provide services, for example different ways of sale or use of new technologies [1].

Tracking and analyzing these processes, simplifying their individual steps should lead to an improvement of service and thus make the experience more enjoyable for the customer. The main goal is to minimize the unpleasant factors during this process, such as queues or insufficient information.

## **4 Practical Part**

### **4.1 Introduction of Baby Office**

#### **4.1.1 History of Baby Office**

The entire start-up marathon around Baby Office began quite innocently. A group of mothers have met at a subsidized course called "Path to Entrepreneurship", during this course mothers were supposed to prepare a business plan for their potential future business. From this simple homework became soon an idea that was surrounded by the interest and enthusiasm, but also realistic expectations for business success.

Founder of the project Hana Krejci and her colleagues had identified a gap in the Czech and especially Prague market. They decided to found a start-up consisting of a simple business model. Baby Office should offer services in areas where parents with young children will have the opportunity to rent a fully-fledged office facility for their own work activities (standard coworking environment), while there will be under the same roof available quality care for their children. A parents have the child always around, so they can be with them when it is needed, and on the other hand they can also work in a separate rooms and they can concentrate fully on their job. As byproduct it offers the possibility of social contacts for parents and children as well. The authors of the project planned to set up offices to rent and small kindergarten for children, a cafe, and organizing of specialized training courses and social events.

To summarize it, in modern society, parents of young children cannot find enough opportunities for work and self-realization. Baby Office is a unique project in the Czech Republic, which was supposed to fill a gap in the market and provide full facilities for working parents and quality care for their children and that all "under one roof".

Breaking point for the success of Baby Office project occurred in 2012, when Hana Krejčí signed up their projects to a competition called "RozjezdyRoku" organized by the company T-mobile. By winning the regional round Baby Office gained finance, products and services worth 250,000 CZK, plus quality advice for the better start of the business.

This unique project was launched thanks to the great support in Michle (Prague district) in the spring of 2013 and allowed the self-realization especially for parents on maternity and parental leave. The project Baby Office has won a two-year grant supported

by the European Social Fund and the Capital City of Prague through the Operational Programme Prague – Adaptability (Adaptabilita). Thanks to this fact they had an opportunity to open their facility to general public and from 1th of August they could provide their services in several areas free of charge.

In that time Baby Office team had already enjoyed all the classic problems of start-up companies. Business plan was tuned, they intensively worked on marketing and content of their websites, built relationships with opinion leaders, negotiated with potential investors, wrote projects that could develop the current one and still looked for other possible funding and donations.

#### **4.1.2 The current state of the Baby Office**

As stated above, the first location where the company started operating was in Michle, near the metro station called Kačerov. It was beautiful cozy house with a garden and small rooms. At first glance it was the perfect place for such type of business. Until experience has shown that without some things the company Baby Office cannot move further. One of the most important factors was the lack of larger and more spacious rooms where company could continue to develop. Dozens of locations were visited until the company found a beautiful space in the business center Zálesí opposite to the Thomayer hospital.

The Baby Office is now fully operating social enterprise project that fills a market niche. The legal form of the company is “s.r.o.” (Limited Liability Company). It is company offering a fully working environment for parents and quality care for their children under one roof.

Parents are not isolated in the home environment and can create social contacts. Clients who rent space in the Baby Office will get the chance to meet others especially in a non-domestic environment. They can invite their business partners in an environment more suitable to a work meeting than what family’s living room with small children usually offers. In addition, they will have the opportunity to informally exchange their experience and contacts with each other, or possibly use a range of training programs in order to improve their business.

It will be also well catered for the children of parents working in the Office Baby right in the room next to the office. Professionally guided kindergarten has ambitions to

take care of a structured and a systematic development and teaching using its own methodology, which is also something more in comparison with the commonly offered services like babysitting etc.

### **4.1.3 Identifying Social problem**

The overall unemployment brings a wide range of social problems. Solving these problems is for the public administration often very difficult, and it has resulted in an increasing proportion of long term unemployed people. Social entrepreneurs are trying to offer these people the possibility to adequately participate in the work process and relieve the state from people's financial dependence on social benefits and subsidies.

Statistics show that on average was likely to be unemployed after leaving education 24.7% in case of women and in case of men it was 25.5% (in period from 2009 to 2013). Vulnerable groups in the labor market are therefore not women in general, but those that often, unlike men, combine multiple roles in family life. If we compare a group of fathers and mothers living in families with a youngest child aged 3-6 years, we see a fundamental difference. The unemployment rate among mothers is in the same period on average 14.9% and 4.2% of fathers. Statisticians believe that this is due to lack of part-time jobs and opportunities of work from home (home office). A crucial role plays also the fears of employers from absence of mothers for example because of ill children [13].

Today, the main motivation for working women on parental leave is not just a stagnant career, but financial reasons, need not focusing life just around the children but for example interest in meeting people. The dream job of mothers on parental leave is about job that allows them to fulfill the basic ideas about family and job satisfaction, and these are mainly "harmonizing", type of employment, job flexibility and the opportunity to free choice and not adaption to the current trend in society, especially in companies. Nowadays situations lead to stressful situations, where the family spends a little time with the children, parents have lack of time and cannot relax, or possibly lack of funds, when the mother stays at home without any possibilities of even temporary work.

Baby Office employs mostly people who are disadvantaged in the labor market, mainly parents with small children and women aged over 50 years. Baby Office currently employs 7 people in the form of half-time jobs, about 10 people and a few volunteers to help out occasionally.



#### **4.1.4 Goals of the company**

The Baby Office has set the following targets that want to achieve through their activities.

They can be divided into two groups:

##### **Economical:**

- Reach self-sufficiency and independence from government support
- Invest profit from operations back into business development
- Expand, set up another branch

##### **Social:**

- Enable parents to combine work and raising children
- Encourage education of parents (seminars, language courses, retraining courses)
- Employ people disadvantaged in the labor market, especially parents with small children and women over the age of 50 years
- Establish cooperation with other social enterprises and raise awareness of social entrepreneurship in general
- Actively organize recreational activities for the community of Prague 4, prepare programs for children and thus raise awareness of this social enterprise

## 4.2 PEST analysis

**Political factors** - Czech Republic is a democratic country. The political situation is not perfectly stable and from author's point of view it looks more like a continual election campaign. Reputation and stability of the government is damaged by permanent changes in the structure of the coalition parties, changes of ministerial posts, failures to fulfill election promises and challenges and, above all corruption. Unfortunately, due to the instability of our government, companies are forced to track changes in legislation and thus respond to the changes almost on a daily basis.

The Czech Republic is a member of the North Atlantic Treaty Organization (NATO) and of European Union (EU). It is also a member of the World Trade Organization (WTO) and the United Nations (UN). By joining the European Union in 2004 Czech Republic gained an opportunity to use several grants and donations.

Social entrepreneurship in Czech Republic is still young and forming field. Therefore, there is neither unified definition nor its content. Some states define precisely the sector and sets up clear regulations, but in Czech Republic the issue of social enterprise is not yet enshrined in legislation.

If someone decide to run a social enterprise in the Czech Republic and start to take advantage of subsidies, he or she must also declare that employs at least 40% of workers of disadvantaged groups. These are people with disabilities, people disadvantaged in labor market, young people leaving institutional facilities or from socially disadvantaged families, homeless or people coming from prison, drug addicts, victims of crime and those who are more than a year without any job [15].

Czech Republic is still missing policy for the support of public care facilities for the youngest children, which would help mothers to return to work after childbirth. Some steps have been taken to increase the availability of childcare facilities. In 2014 a law was adopted on "child group". Based on this law any legal entity can provide childcare for groups of up to 24 children (at least one year old children). For children in age of three and more are required certain professional standards. Firms can now deduct expenses for childcare from business taxes and parents who use the services of "children's groups" can get tax relief. Thanks to this law should be here an increase in the support of child care services, although some stakeholders have expressed concerns about the possible negative

impact on certain types of existing alternative childcare facilities already operating in Czech Republic [14].

It's also important to mention information about value added tax (VAT). Since January 2015 the Czech Republic applies three rates of VAT. The basic rate is 21 percent, decreased rate is 15 percent which compared to the previous year remain same, and the change came with new third type which is further reduced rate to 10 percent for medicines, books and infant nutrition.

**Economic factors** - The employment rate (the proportion of the employed in the age group 15-64 years) in Czech Republic (seasonally adjusted) in February 2015 reached 70.0% compared to February 2014 increased by 1.5%. The male employment rate, seasonally adjusted was 78.1% while female employment rate was lower 61.8% [16].

Czech Republic has high employment and long-term unemployment when compared with average in the EU is quite low. Certain disadvantaged groups, however, are in labor market not sufficiently represented. Again, the availability of facilities for the care of children is well below the EU average and relatively few employers offer flexible working conditions, what reduces the possibility for women with children to participate in the labor market.

Along with limited use of flexible working hours, the problem is also caused by a poorly functioning of public employment services, which fails to facilitate to these groups an appropriate transition from unemployment to employment, as well as long-term lack of affordable and quality childcare services [14].

The Czech economy is directed towards the whole year gross domestic product (GDP) growth of over four percent which represents one of fastest growing economy in Europe. According to the Czech Statistical Office GDP grew by 4.4% in the second quarter of 2015. Inflation rate expressed by an increase in the average annual consumer price index shows the percentage change in the average price level for the past 12 months to the average of 12 previous months. In October 2015 it was 0.4%. Another important indicator is the average wage which in the second quarter rose by 3.4% to 26,287 Czech crowns. It is about 875 Czech crowns (3.4%) more than it was in the same period of 2014 [17].

**Social factors** - According to the preliminary statistical balance the population of the Czech Republic between the 1<sup>st</sup> of January and 30<sup>th</sup> of June 2015 increased by 3200 to 10,541,500. Nowadays, Prague has 1,262,612 inhabitants. In 2014, Prague had 1,259,079 inhabitants, from that 610,376 were men and 648,703 were women. From all city parts in Prague, Prague 4 has the largest population (128,063) and the largest annual increase. Due to this fact, we can say that company Baby Office has picked up most suitable location for the offering their services [18].

The rise in the proportion of children born outside marriage is for the company Baby Office one of the interesting demographic trends and indicators since it represents one of the company's target group. Although in 2014 there were born 18,500 children less than in 1989, the number of children born to unmarried women was five times higher. The proportion of children born outside marriage is continuously rising for more than 20 years. The number of new births outside marriage in 2014 exceeded for the first time the 50 thousands when it grew up by 3.3 from 48.0 to 51.3 thousands. Their share in the total number of births rose from 45.0% in 2013 to 46.7% in 2014 [18].

Learning outcomes in recent years have improved. But Czech education is still characterized by disparities between regions and social groups in terms of outcomes of education, low participation of children in pre-school care and pre-school education and effectively low attractiveness of the teaching profession. The big problem can be also the fact that programs of tertiary and vocational education in our universities do not meet adequately the needs of the labor market [14].

Another important factor is the positive change in society's attitude towards the environment. Typical sign of that is today's increasing pressure on the business activities in order to force the companies to use materials and methods in the most environmentally friendly way along with reducing the use of natural resources and reducing the amount of waste production. In next, it's necessary to mention the increasing awareness of the concept of CSR (corporate social responsibility) among the people. More and more people confirm that it is essential for them whether or not their employer is socially responsible.

**Technological factors** - In recent years we have witnessed intensive development of technologies that have positively a significant influence on the running of businesses and society. Technological shift can be noticed mainly in computer technology and its software

enhancements. These can be used for monitoring of sales, sales analysis, which should help in optimizing and efficiency of operational process.

Currently, these developments represent one of a few opportunities for small and medium-sized enterprises to increase the visibility of their company. In the case that the company is able to work with them and will use all its capabilities it is fairly easy to gain advantage over competitors. It is mainly about opportunities afforded by the Internet which can be for example ease of company presentations through social media, advertising or e-commerce.

The speed of spreading news in today's world thanks to the internet is absolutely brilliant. Due to this fact, for example, information about certain social problems can be spread around the whole world in second, and thus interested groups can grow and make the process of solution easier.

## 4.3 Marketing mix of the company

### 4.3.1 Product

As previously mentioned, the company Baby Office offers a wide range of services that create a synergistic effect. The four main services that company offers are mini kindergarten, co-working space and rental of conference room, kid's corner, courses and seminars. In this chapter, the individual services will be described in detail.

#### Mini kindergarten

The philosophy of the company emphasizes primarily environmental aspects and sustainable development, including a structured training program customized to the smallest Baby Office users. Kindergarten has a fully equipped play room with lots of toys supporting the development of the child, there is also a separate room, which is designed to rest and sleep. Of course there are children's furniture and bathroom facilities adapted to the age and needs of children.

The main objective is to offer parents such conditions, so they can entrust a child to the Baby Office in demanded time and day, and as often as they want. Kindergarten is open from 8:30 a.m. to 5:00 p.m. on weekdays and during the holidays. After the agreement is there possibility of child care as early as 7:00 a.m. and the evening babysitting from 17:00 to 24:00 p.m. It is also possible to take advantage of the evening babysitting at home. The kindergarten provides sufficient space only for up to 12 children, which can be a disadvantage. Children are supervised by two professional instructors who ensure a quality educational program. Company also offers individual babysitting for children of age from 6 to 15 months on the premises of mini-schools. Children older than 15 months are in a group, where prevailing age is 2-3 year.

**Table 5 - Number of kindergartens**

Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of children in kindergartens	278 176	281 377	287 059	297 069	308 930	322 572	335 308	345 746	353 255
Number of kindergartens	4 834	4 815	4 808	4 809	4 826	4 880	4 931	5 011	5 085

Source: <http://www.msmt.cz/>, own processing

According to the Ministry of Education, Youth and Sports the number of rejected applications for kindergarten exceeded 50,000 in 2014. Almost half of all preschools are filled up to the last seat, and dozens of these are attended by even more children than the school can officially accept [19].

Due to this fact we can predict the growing trend of demand for preschool facilities. The average attendance of mini kindergarten is 80 percent of capacity. If the growing trend will continue, the Baby Office can expect a greater influx of children in the future.

### **Co-working space and rental of conference room**

Co-working space is a shared workspace for those freelancers who are independently doing their work. Shared office is obviously cheaper, but it is also important to mention byproduct which is in the case of co-working the possibility of social contacts. Apart from the quality facility, which represents all the office facilities (internet, printers, etc.), relaxation zone, a kitchen, space for up to 30 people, the co-working space should stimulate creativity in their users. Another benefit is the possibility of creating of social links, which should be beneficial for all. It means that benefits are not only economical, but have also synergic effect on all users of co-working space, which has crucial value.

Co-working centers began to appear in the Czech Republic around the year 2009 and currently there are over 25 entities operating in this field in Prague.

Majority of centers are focused on freelancers in general, whereas the Baby Offices target groups are mainly parents with children or women on maternity leave. Based on this fact the main competitor in the market is the Atelier Pexeso (located in Prague 10) which provides similar service as the Baby Office (co-working together with child care). Although these firms are competing, they support each other in many aspects what is based on the principle of social enterprises.

The company also rents a conference room for organizing educational activities, conferences, meetings and other events. There is space for up to 30 people, possibility of a variable arrangement of tables, chairs or relax zone, multifunctional TV, flipchart, and upon request catering can be reserved.

### **Disadvantage of shared office**

Company doesn't have a sufficient number of computers. If clients don't have own computer, they have to demand it beforehand and it is not clear whether the PC will be available.

### **Mobile Kid's corners**

Kid's corners provided by the Baby Office are useful everywhere where the participation of parents with small children is expected, such as corporate events, town festivals, markets, fairs, exhibitions, lectures, seminars, congresses, weddings, garden parties and others. The product is not just a babysitting service. The company provides children always original accompanying program, mainly organizes theatrical or musical performances, photo corner, facilities for nursing mothers and toddlers etc. Each event can have a certain topic according to which various activities and decorations are prepared.

Mobile kid's corners offered by the Baby Office enhance the comfort for visitors and bring benefits to organizers of for example cultural events in the form of an extension of their target group by parents with children.

### **Courses and seminars**

The fact that the demand for education among parents is high could be deduced from the positive response of the first cycle of seminars called "Ten Commandments to success", which started in September 2013, and was fully occupied. From that moment, the company started to focus on expansion of course topics.

Share on success also had the grant which the company received (two-year grant supported by the European Social Fund and the Capital City of Prague through the Operational Program Prague – Adaptability (Adaptabilita). During this season, potential customers had the possibility to try out the courses free of charge and determine the quality of the seminars. Thanks to the professional approach of lecturers and friendly environment of the company, customers became loyal.

### **Nowadays, the company offers courses in four fields:**

- **Personal and professional development** - In this type of seminars and workshops a wide range of topics from the field of personal and professional life are discussed.



- **Looking for inspiration** - A series of seminars and practical workshops focused on those who want a change.
- **Starting a business** - This type of program is suitable for starting entrepreneurs and all who are thinking about business and want to know what it involves.
- **Business support** - These specialized courses for entrepreneurs (beginners and more experienced) are focused on promoting entrepreneurship.

#### **4.3.1.1 Cash cow of the company**

Author of this thesis was not allowed to see the sales volumes of individual services. Nevertheless, after consultation with the company owner and based on personal experience it is obvious that the mini-kindergarten is the cash cow of the company, while co-working has the smallest share in sales.

#### **4.3.1.2 Competitive advantage**

The competitive advantage of the company the Baby Office is the synergistic effect of all services they provide. Everything is in one place – work, education and the program for kids.

#### **4.3.2 Price**

The company Baby Office sets its prices based on costs and competition. A price based on the cost includes all expenditures incurred in connection with providing services that the company offers. The company then adds a profit margin to those costs. This pricing method is really simple and specific in that a slight change in terms of providing service will also be reflected in the price. Furthermore, the prices of the services are guided by the price of competing companies operating in the same or similar field. Usually the prices are set to not be significantly different from competitive pricing.

**Prices of individual products are listed below:**

##### **Co-working space**

Monthly fee:

- 1 day a week = 1200 CZK
- 2 days a week = 2000 CZK

- 3 days a week = 2650 CZK
- 4 days a week = 2950 CZK

Price for clients of Mini kindergartens is 40 CZK / hour.

Because of relatively low demand in using of shared office, company was forced to lower the prices. In comparison with competitors who rent office without additional service (kindergarten) the prices are below average.

### **Rental of conference room**

- The price of larger room is 360 CZK / hour
- The price of smaller room is 150 CZK / hour

### **Mini kindergarten**

Monthly fee:

- 1 day a week = 1150 CZK (half day), 2660 CZK (all day)
- 2 days a week = 2 120 CZK (half day), 5000 CZK (all day)
- 3 days a week = 2950 CZK (half day), 6960 CZK (all day)
- 4 days a week = 3750 CZK (half day), 8500 CZK (all day)
- 5 days a week = 4400 CZK (half day), 9800 CZK (all day)

Price for babysitting is in the range of 150-200 CZK per hour depending on the age of the child.

**Table 6 - Prices of competitors**

<b>Name of institution</b>	<b>Price per month (5 days a week)</b>
Čtyři medvědi	11000 CZK
Rodinná školička 3tetičky	12000 CZK
Domácí školička	9000 CZK
Miniškolka Kubík	8000 CZK
<b>Baby Office</b>	<b>9800 CZK</b>

**Source:** Own processing

The table above represents prices (per month) of competitors situated in Prague 4. According to prices we can deduct that Baby Office set up the prices adequately to competitors.

### **Kid's corners and seminars**

Here the prices are set up individually. In case of Kid's corners, the prices are affected by many factors which are derived from contract award. Prices of seminars are set according to the current seminars and the quality of lecturer.

### **Payment options**

Customers can pay for the services in several ways. The most basic method of payment is by cash or credit card at the reception or by money transfer to the account. In case of kindergarten and babysitting there is an option to put the money on the membership card.

### **Price adjustments**

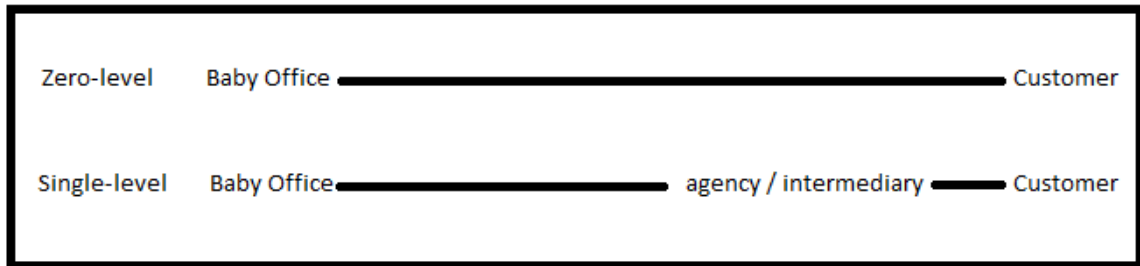
Services provided by the company are not searched only by target groups of the Baby Office but also by the broader public. However, the prices are same for all groups of customers. The company does not provide any discounts for groups with typically lower incomes such as students or seniors. The only discount that the company provides is in case of Kindergarten, where customer can get benefit from the prepaid card. The discount is based upon the amount which was prepaid.

### **4.3.3 Place / Distribution**

As mentioned in the introduction, the company provides products of an intangible character, i.e. services (excepting the kid's corners). Customers have to come to company Baby Office during the opening hours. The place where the services are provided is one of the most important factors when choosing services and making purchasing decisions. More about the characteristics of locations, building and interiors will be described in chapter Physical evidence.

### 4.3.3.1 Distribution channel length

Table 7 - Length of distribution channel



Source: Own processing

The company uses the distribution path in the form of direct and indirect distribution. Among the direct distribution can be included the offer of services to potential customers in person at the company's headquarters or via an electronic form on company's web site. This is a case of co-working workplace, seminars, kindergarten and babysitting.

In case of Kid's corners, the single-level path is applied because the company takes an advantage of using intermediaries such as agencies organizing events, weddings, etc. Last year the company has built up a network of agencies they cooperate with, thanks to which the company can provide services to more customers than ever before. Cooperation works on a commission basis, and the database of these agencies is still growing. Weak point is that the company does not own a car what makes it dependent on the company providing rental car service.

### 4.3.4 Promotion

Communication is another important tool of marketing mix that influences the success and profitability. The company Baby Office promotes its services in various ways and informs potential customers about the entire project. The company does not utilize all the tools of promotional mix due to budget constraints. The most important instruments of communication used by the company are especially public relations thanks to fact that the topic is attractive not only for target groups and broader public but mainly for the media since the Baby Office offers a solution of the current social problems. Another tool that is mostly utilized is E-communication which gives company opportunity to cheaply reach the target groups and another benefit is that the results or responses of this type of communication can be easily measured. When we speak about the e-communication, the

company is continuously trying to build relationships with opinion leaders and bloggers who have already built a community on social networks. The word of mouth plays also crucial role, which is very important for the organization, due to this fact the employees always try to make the customers satisfied. Satisfied customers always tell their family, colleagues and friends about the quality of the service they tested.

#### **4.3.4.1 Advertising**

Advertising is one of the basic forms of promotion. Its aim is to inform consumers and to influence their behavior. The company is aware of the significant role that advertising plays in promoting their services, but so far this instrument is not often used because of the great demands on financial resources. Printed flyers and outdoor advertising are the instruments that are mostly used by the organization.

Distribution of leaflets is focused primarily on Municipal authority of Prague 4, maternity centers, children's playrooms in shopping malls, cafes, pediatricians, gynecologists, maternity hospitals, general practitioners, pharmacy, specialized facilities (orthopedics, child psychology, rehabilitation, neurology, and others) beauty and massage studios and others.

On the leaflet are briefly described the services offered by the company. Content of leaflets is simply written but the layout is eye catching. Further the potential customers can find there the company's logo along with contact, address and links to websites and social networks.

In the case of billboard, the company has directional signs with the logo of the company in the area for better orientation and huge billboard on the building of the company. Billboard is composed of two parts, on the first one is the brand promoted and on the second the kindergarten.

#### **4.3.4.2 Personal selling**

Personal selling is performed at the reception of the company. It is a customer interaction with the staff. The receptionist willingly explains what service center offers, as well as briefly familiarizes customers about the principles of this social enterprise. The employees then introduce all the parts of the facility and answers all the questions the customers ask. This process is of course designed for subsequent sale.

The sales representative also plays a major role since she focuses on developing the good relations with existing clients and continuously looks for new potential clients. Success of personal selling of the company is based on the seller's communication skills and the art of dealing with people.

#### **4.3.4.3 Direct marketing**

Company the Baby Office uses both the non-addressed direct marketing and addressed direct marketing. Direct marketing is aimed at the target groups. The organization uses e-mail and sends information about current offer, about what is new and about what events are planned for the upcoming month. Thanks to company's clients database the targeting of specified segments is relatively simple a flexible.

#### **4.3.4.4 Sales promotion**

Company uses almost no sales promotion instruments, which is a pity. They have tried to use services of discount portals a few times in order to increase sales. In the case of seminars, company offers from time to time free lessons thanks to which the customer has an opportunity to verify the quality of services provided by the Baby Office.

As mentioned before the only discount that the company provides is in case of Kindergarten, where the customer can benefit from the prepaid card. The amount of the discount is based upon the amount which was prepaid.

#### **4.3.4.5 Public promotions**

Both internal and external public relations are for such a social enterprise very important.

Internal meetings are used to evaluate the work effort of employees, to remind the principles of corporate culture and informing employees about current news in the company.

External public relations are maintained primarily through online communication. The wider public is well informed about what is happening in the organization with the help of company's annual reports. The company also organizes leisure activities for residents of Prague 4, both for adults and for children. These events are undertaken in

order to increase brand awareness and highlighting social responsibility which is for the company mostly important.

Thanks to appealing topic, the company has appeared in numerous newspapers and magazines, published both in printed form and electronically. This type of communication is perceived as more credible than it is in case of paid advertising, so it is an effective way of free publicity for company. The Baby Office has appeared for instance in newspapers - Právo, Mladá Fronta DNES, Metro. Another PR articles have appeared in the magazine - Glanc, Reflex and Vlasta. Founder of this project has been invited even to TV and radio and appeared in ČT24, Sama Doma, Český rozhlas Regina and TV Metropol. Also large number of websites aimed at children, families and mothers also mentioned the project Baby Office.

Open days are held once a year. Occasionally, they are also held during the year, based on individual agreements with individual partners.

### **Identity media**

**Picture 4 - Logo of the company**



**Source:** Baby Office

Logo of the company is a perfect rendition of its mission. In the left side all the services provided by company are represented by symbols which are characterising them correctly. The combination of colors acts cheerfully and openly. On the lower side of logo the slogan of the company is located. Slogan contains carefully selected words which again represent what the company do. In translation it means “Work and children under one roof”. Logo along with the slogan is used on all promotional materials, business cards and other corporate materials.

#### 4.3.4.6 Internet and E-communication

##### Website

Website of company is very transparent and rich in content. Except for the background page, sections are decorated in colors of the logo which is a green, blue, red and yellow.

When a customer opens the website of the company it is immediately clear what the company offers. The customer can also find the price list of services and their further description, organization structure of the company, ethical standards that the company follows, references of satisfied customers, and list of persons and companies the company cooperate with.

**Table 8 - Website Traffic with regard to the origin of visitors**

Country ?	Acquisition
	Sessions ? ↓
	<b>90,535</b> % of Total: 100.00% (90,535)
1.  Czech Republic	<b>84,307</b> (93.12%)
2.  Slovakia	<b>1,219</b> (1.35%)
3.  Russia	<b>838</b> (0.93%)
4.  United States	<b>801</b> (0.88%)
5.  Germany	<b>470</b> (0.52%)

Source: Google Analytics

From the table above it is visible that most people come from the Czech Republic followed by Slovakia, Russia, USA and Germany. Visitors have an option of only Czech language which could be a disadvantage.



## Social media

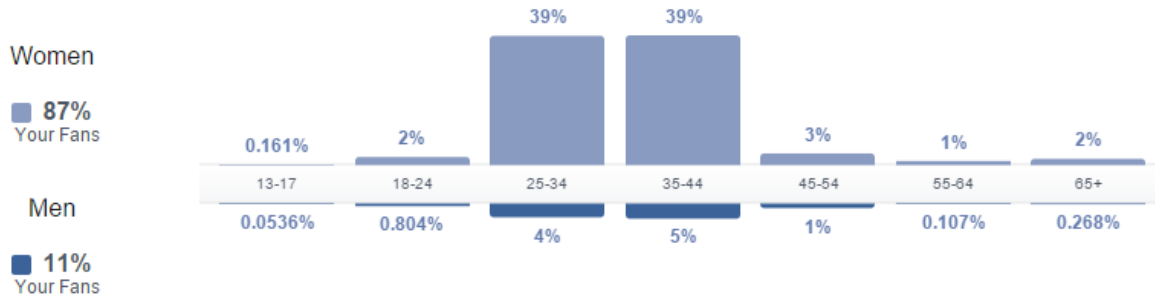
The company has established an account on several social networks, and these are Facebook, LinkedIn and YouTube.

Baby Office is not really active on LinkedIn neither on YouTube, the only thing that organization benefits from is the video uploaded there that allows potential customers a tour through the company via video clip.

The company uses mainly Facebook profile, which is used similarly as a website to provide customers and fans information about their services, events or achievements of the company. Employees of the company five times a week upload photos, short articles related to maternity, family, children, healthy nutrition and education, news about Prague 4, information related to upcoming events or leisure activities especially for the residents of Prague 4. This activity is carried out in order to keep in touch with the community.

The strength of Facebook lies in the interconnection of contacts. The Baby Office cooperates with opinion leaders and bloggers in the sense of mutual support. The company offers them various articles concerning the Baby Office, which they subsequently propagate. The assumption is that these supporters have similar focus and similar audience. Today, the company cooperates with around twenty supporters of this type.

**Graph 2 - Facebook Traffic according to gender and age**



**Source:** Facebook

From the figure above can be noticed that the biggest group of visitors are women in age of 25-44.

### **4.3.5 People**

#### **Employees**

The core of the staff consists of people who were at the birth of the project and qualified lecturers. Then the company employs mostly people who are disadvantaged in the labor market, mainly parents with small children and women aged over 50 years. Also the services of external professionals are often utilized. The Baby Office currently employs 7 people in form of half-time job, about 10 people and a few volunteers to help out occasionally. An important aspect is also the word of mouth that was already mentioned. It highlights the fact that employees themselves have a positive experience of working in the Office Baby and continue spreading this information. Due to this fact, people from the circle of friends of employees come to help as volunteers.

#### **Customers**

Customers are for social enterprise such as the Baby Office more than important because right thanks to them the company can become economically independent of subsidies and grants.

#### **Target group**

The main target group of the company can be divided into subgroups where the major target group involves parents on maternity or parental leave who are actively doing business or considering doing a business. Another important target consists of employed parents with a child less than 10 years old (lone parent with a child under 15 years) who are / is actively doing business or considering doing a business.

Other less specific groups consists of residents living on the territory of Prague, especially the residents of Prague 4, people working in the form of home office, companies trying to be socially responsible, project supporters and the media.

#### **Public**

Informing the public is also a way to influence the thinking of society and thus its approach to the employment of disadvantaged people and problems related to the balance between work life and family.

#### **4.3.6 Physical evidence**

The company is situated in Business Centre Zálesí (located in street Pod Višňovkou in Prague 4) that is easily accessible by transportation. The Baby Office has rented here the whole 6th floor. The building is not largely used, thus empty floors don't arouse a nice first impression in visitors.

Whole facility consists of these parts: representative reception (including optimal space where mothers can leave their strollers), kindergarten with kitchen, facilities for childcare (baby changing station, dressing room, sleeping room) and outdoor space where the teacher can be with children, functionally furnished shared office (desks, electronic equipments, co-working room for business and room designed for networking and meetings with clients, co-working facilities including kitchen and dining room) and a separate room for educational activities (that can accommodate required number of candidates). Of course, there is room for the project implementation team. There is also warehouse in the basement of the building used for the storage of material related to the realization of kid's corners and others.

Apart from kindergarten, all interiors are designed in soothing colors that does not cause distraction and thus the client can be fully concentrated. Office furniture is made from recycled pallets provided by company "Paletky" which is the supporter of the project. This fact highlights one of the main ethical principles of the company and that is the emphasis on ecology.

#### **4.3.7 Process**

The coordination of work is evenly distributed between several working positions. Project Manager is responsible for the overall operation of the project. The task of present staff is to ensure that all facilities are ready for operation.

Thanks to the reservation form, the company is able to predict how many children will be in the Mini-kindergarten, the number of people who will attend a certain course and the number of people demanding workspace for the following day.

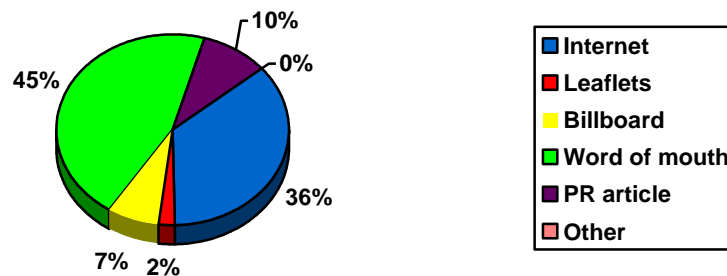
Based on this information the company prepares facilities, increases or reduces the number of tutors in a kindergarten, and performs other activities needed in order to ensure smooth running of the business.

In case of Kid's corners the process is as follows. The first step is always to create a program that will match the character of the event and age group. The Baby Office then provide their own equipment, which includes for example the equipment used for breastfeeding , baby changing station, equipments for preparing and warming baby food, toy, etc.. The Baby Office employees take care about children so the parents can fully enjoy the congress or event.

#### 4.4 Supporting survey

This supporting survey was conducted through written questioning. The aim of the research was to evaluate customer's satisfaction with certain elements of the marketing mix, together with customer's preferences. 50 respondents were selected from a corporate database. Preconditions for the selection of respondents were as follows: the respondent was a mother aged 25-40, who at least once used all services of the company, apart from mobile children's corner. At the end, 42 women were willing to fill out this short questionnaire. Survey was conducted in July 2015 in the company. Questionnaire included 8 closed questions where respondents had an opportunity to select only one answer. Based on the result of questionnaire, analysis of current marketing mix of the company and personal experience, recommendation will be suggested.

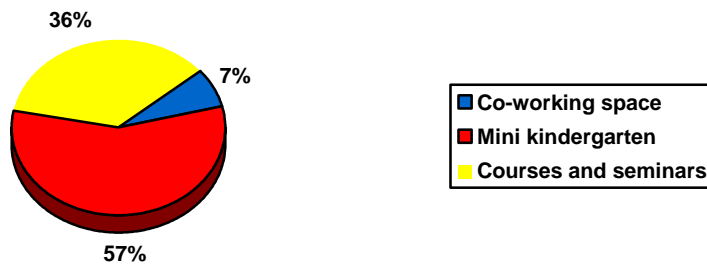
Graph 3 - How did you learn about us?



Source: own processing

The chart shows that almost half of the respondents got references of the company from friends or relatives. This finding underlines the fact that customers are satisfied with the service and subsequently recommend it. Furthermore, 36% of customers claimed that they first came into contact with the company via the Internet. Nowadays most of services are selected by people online since they can find out here further information and get the references. The company is aware of this and so its marketing budget mainly consists of investments in the Internet advertising. Information boards, leaflets and PR articles were mentioned by only a few respondents.

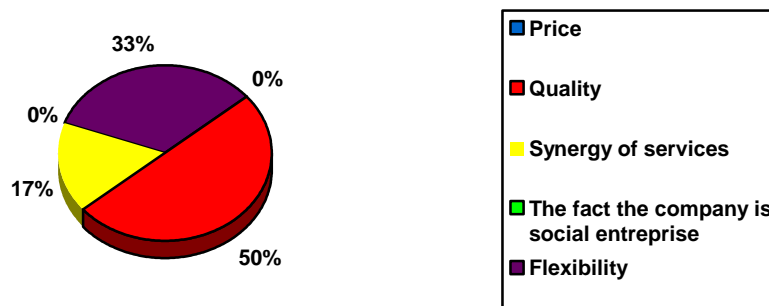
**Graph 4 - What service provided by the Baby Office do you mostly use?**



Source: own processing

The most of respondents take advantage of small kindergarten. As has already been mentioned, the company operates in the territory of the most populated part of Prague. Number of children is growing and capacity of kindergartens is limited, both these factors causes increasing demand for such a facility. The second most frequently used services are courses and seminars. Mothers wish to study and further be developed. Apparently, respondents are satisfied with the quality of lecturers and course selection. The least utilized service is the shared office. This service is mostly used by only three respondents.

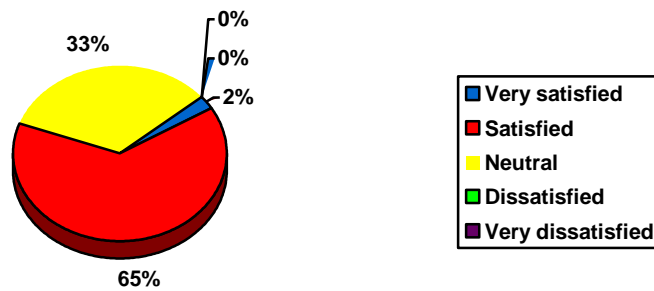
**Graph 5 - What is for you the most important factor when choosing the company BO?**



Source: own processing

This again confirms that the quality of services provided by company is really high. The flexibility and smart interconnection of services plays another important role in the selecting the company. The fact that the company is a social enterprise is only value added.

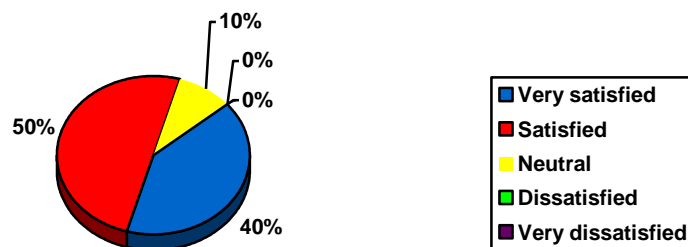
**Graph 6 - How satisfied are you with the price of services provided by the BO?**



Source: own processing

There was not a single negative response. The company has the prices set up correctly, in other words, the company provides high quality services at reasonable prices.

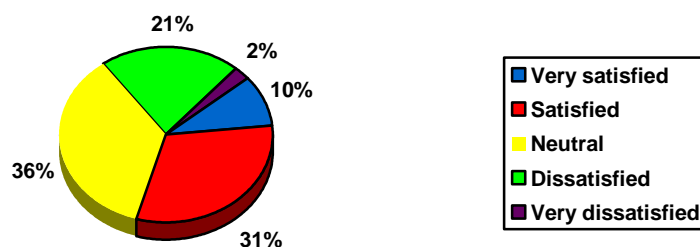
**Graph 7 - How satisfied are you with the willingness of the company's employees?**



Source: own processing

Again, there was not a single negative response. As has the owner of the company stated, so far they did not deal with any complaint in the connection with the staff.

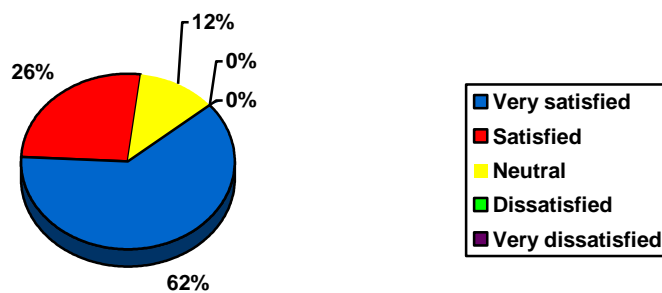
**Graph 8 - How satisfied are you with the company's registration form?**



Source: own processing

Reservation process can be performed personally, by telephone or through the reservation form. Outside working hours, customers must use last mentioned option. The results of this question concerning the satisfaction with this form are not very positive since quite a lot of respondents are not satisfied or few respondents are even very dissatisfied. The customer which demands the service through registration form must wait for feedback, which is depending on capacity positive or alternatively has to accept other proposed time.

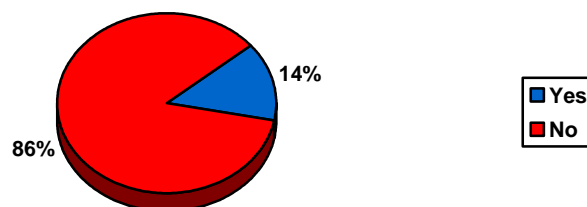
**Graph 9 - How satisfied are you with the company's location?**



Source: own processing

Location of the company seems to be perfect, since there were no negative answers. As has been already mentioned, the Baby Office is situated in the business center Zálesí right opposite to the Thomayer hospital. This place is easily accessible by public transportation or by car since the business center Zálesí provides sufficient number of car parking spaces, so no problem arises.

**Graph 10 – Are you attending also another facility of a similar focus?**

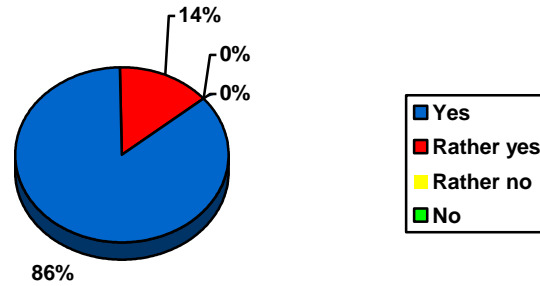


Source: own processing



36 people out of a total of 42 don't visit any other company with similar focus. Apparently, the quality, synergy of services and flexibility, along with a friendly environment create loyal customers.

**Graph 11 - Would you recommend the company your friends?**



Source: own processing

The last question was focused on whether customers would recommend the services provided by the Baby Office to their friends. Although the company may have some weaknesses the graph shows that the majority of respondents would recommend the company. This should be the aim of every company.

## **5 Results and Recommendations**

In this section the author would like to summarize all the facts related to marketing mix and propose recommendations to all instruments of the mix 7Ps. Except for the small shortcomings, according to the analysis of the marketing mix the Baby Office is doing very well.

### **Product**

From detailed presentation of the company and description of the services that the company offers it is apparent that the Baby Office came to the market with completely unique idea. Thanks to the personal experience of company owner, needs and wants that are specific to people especially on maternity leave has been accurately identified. Another important factor is the synergistic effect of offered services that creates a crucial competitive advantage through which the company can financially and “socially” grow. An interesting finding is that the service quality was the most important factor for customers

when choosing services, on the other hand the fact that the company is a social enterprise is only value added.

### **Recommendation**

Due to the fact that the mini-kindergarten is the cash cow of the company, while co-working has the smallest impact on the sales, the author proposes to enlarge the space of mini-kindergarten at the expense of the shared office. Providing an additional service called BABY TAXI, which would involve the transportation of children to kindergarten and back home is another recommendation. From an economic point of view it could be beneficial and also meet the company social objectives, i.e., to create an additional job.

### **Price**

The company Baby Office sets up its prices on the based of costs and competition. The author evaluates the current level of prices of individual services as satisfactory due to the quality provided. Also the results of the survey showed that majority of respondents are satisfied with the service prices.

### **Recommendation**

Here the recommendation is related to the price adjustments or sales promotion in case of the kindergarten. Author proposes a discount for siblings. However, the attention should be paid to the fact that the too large discount might lead to the negative customer's perception of the service quality.

### **Place**

The company provides products of an intangible character by both direct and indirect distribution. The indirect distribution is related to the Kid's corner where the company takes an advantage of using intermediaries such as agencies organizing events, weddings, etc.

### **Recommendation**

In case of the Kid's corner author would recommend to establish contacts with the human resources managers of large companies. The reason is that this service is really suitable for company parties, conferences and the like.

### **Promotion**

Although the company does not take advantage of all tools of marketing communication due to budget constraints, the author points out that overall promotion is in very good conditions. The most efficiently used instrument of promotion used by the

company is especially public relations. The reason for that is quite simple; the topic is attractive not only for target groups and broader public but mainly for the media since the Baby Office offers a solution to the current social problems. Another mostly utilized tool is E-communication which gives company opportunity to cheaply reach the target groups and the results of this type of communication can be easily measured which was demonstrated in the chapter Promotion. As another important form of communication that this social enterprise takes advantage of is word of mouth, which was confirmed by the survey. It is a cheap and trustworthy way of attracting new customers. On the basis of Perceived quality and satisfaction with the overall service the customers would recommend the company to their friends.

### **Recommendation**

Thanks to analysis of the company website we had an opportunity to see what nationalities visit its website. Of course the majority comes from Czech Republic but then from Slovakia, Russia, USA and Germany. Therefore the company should translate the website at least in to English language which should be a matter of course in the modern world.

Next recommendation is to not cease to develop cooperation with opinion leaders. Video clip posting on the Facebook account, for example displaying happy kids at the Baby Office or video clip recorded during courses could be another beneficial step.

It is also important constantly create polls in order to determine what type of course the clients are interested in.

### **People**

Here the author will be focused only on employees. Since the company is social enterprise the company employs mostly people who are disadvantaged in the labor market, mainly parents with small children and women aged over 50 years. Furthermore, qualified lecturers are employed and the services of external professionals are often utilized.

Customers are highly satisfied with the willingness of the company's employees which is proved by both supporting marketing survey and personal experience of author.

### **Recommendation**

In the case of free capacity at the seminary and courses, author would recommend the owner to order employees to take part in. Since employee development will also lead to better quality of services.

**Physical evidence**

Location of the company is easily accessible by public transportation or by car since the business center Zalesí provides sufficient number of car parking spaces. Results of survey also showed that customers are satisfied with the location. The building is not largely used, thus the empty floors don't arouse a nice first impression in visitors. On the other hand building is equipped with elevators, so there is no problem with the stroller.

**Recommendation**

Due to financial constraints, author cannot propose a reconstruction of the building or other major operations. But even so, there is an opportunity to improve the physical environment of the company. Author recommends posting the company logo in large format on the main wall in the conference room. The logo should be placed directly next to projection screen. This should lead to better memorization of the brand.

**Process**

Project Manager in the Baby Office is responsible for the overall operation of the company. The task of present staff is to ensure that all facilities are ready for operation. Based on information acquired from the reservation system the present staff prepare facilities, increases or reduces the number of tutors in a kindergarten, and performs other activities needed in order to ensure smooth running of the business.

Customers are rather dissatisfied since they must demand the service through registration form (outside of opening hours) and then wait for feedback, which is according to capacity positive or an alternative time is proposed.

**Recommendation**

Here, it is recommended to take inspiration from booking system which is for example used in the cinema or when ordering flights, bus tickets etc. Clients will be able to see what the exact availability is and if there is still free capacity.

## 6 Conclusion

This diploma thesis described and evaluated current marketing mix of the selected company; where as an object of analysis was the company Baby Office. Subsidiary goal was to find out how customers were satisfied with certain elements of the marketing mix. On the basis of these findings, recommendations relating to specific tools of the marketing mix have been proposed.

Thesis is divided in several parts starting with the theoretical part that is devoted to creating theoretical basis of marketing and marketing environment characterization. Furthermore, there is highlighted the importance of segmentation since today's companies do not produce products for the entire market, but for one or more specific segments. Various concepts of marketing mix are introduced. A pivotal part of the theoretical work is devoted to the marketing mix 7P which is characteristic for the service sector.

The practical part starts with history of the selected company and is followed by the description of its present state.

Since the chosen company is the social enterprise, social problem that the company is trying to solve is outlined there, as well. Next chapter presents objectives of the company, both economical and social. Vital part of thesis is also analysis of the macro-environment. The competitive environment is tough and social enterprises need to find their market advantage, in this diploma thesis the competitive advantage of the Baby Office is unambiguously characterized, it is the synergistic effect of all services they provide. Everything is in one place – work, education and the program for kids.

Another most important chapter deals with the marketing mix of the company Baby Office, where individual instruments of marketing mix are closely examined. In the end, the results of supporting questionnaire are demonstrated.

In the chapter Results and recommendations are all the facts and findings related to company's marketing mix summarized and based on them the recommendations are proposed.

Despite the fact that selected company is a social enterprise with considerable limiting financial resources its marketing mix is very sophisticated. The interconnection of the services provided creates a totally unique competitive advantage enabling it to be capable of competing in the market. The current level of prices of individual services is satisfactory with respect to the quality provided. The company Baby Office performs mostly direct distribution of their services (apart from mobile kid's corners) since almost does not use any intermediaries, but provides a service directly to the customer. Marketing communications, or in other words promotion, is the strongest point of the company. Although the company is not investing large sums of money in advertising, exhibits a professionally-managed internet communications. Furthermore, mainly PR articles help the company to improve its visibility. Among the employees, there are mainly disadvantaged people in the labor market, especially parents with small children and women aged over 50 years, what fulfills one of company's social objectives. Furthermore, qualified lecturers are employed and the services of external professionals are often utilized.

Except for the outside appearance of the building, the company created an environment that is suitable for both working parents and for their children. Last instrument of marketing mix in the company represents process; i.e. process of providing services to customers designed in such way so as the smooth running of the company would not be disturbed.

Author believes that the recommendations in this paper will help the company to satisfy existing customers and attract new who would appreciate the quality of services, professionalism of employees, produce higher profits and better positioning in the market and create more job opportunities especially for mothers disadvantaged on labor market.

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## 8 Appendix

### Appendix 1 – promotional material



### Den otevřených dveří

pátek 11. 4. 2014 9:00-17:00

Přijďte s námi oslavit první narozeniny Baby Office!

- Prohlídka prostor, prezentace projektu
- V 10<sup>00</sup> autorská loutková pohádka o světluškách
- Hry a tvoření pod vedením našich lektorek
- Pro rodiče k dispozici kavárnička s nabídkou výběrné kávy, čokolády, čajů, koláčů a dalších dobrot.

Vstup volný

### Velikonoční dílna

čtvrtek 10. 4. 15:30 - 17:00

Užijte si příjemné tvořivé odpoledne a spolu s dětmi si vyrobte Velikonoční dekorace a drobné dárečky.

- Zdobení vajlíček
- Decoupage vajlíček, dřevěné šablony a obrázky na zeď
- Papírové tvoření, zvířátka z papírových ruliček

Cena pro rodinu  
150 Kč/1 dítě  
180 Kč/ 2 děti

### Podnikatelský jarmark

středa 14. 5. 9:00 - 17:00

Udělejte si radost koupí originálních produktů a podpořte české podnikatele a podnikatelky!

- Vyroby pro děti i dospělé – dekorace, hračky, oblečení, líčení, tvůrčí dílna pro děti atd.
- Ukázky kurzů pro děti i dospělé
- Slevové poukazy

Vstup volný

BABY OFFICE ■ Pod Dálnicí 469/12, Praha 4 (3 min. od metra Kačerov)  
tel.: 603 564 243 ■ info@babyoffice.cz ■ www.babyoffice.cz

Source: Baby Office

## Appendix 2 - promotional material



**BABY OFFICE**  
PRÁCE A DĚTI POD JEDNOU STŘECHOU

Vybalancujeme  
váš profesní  
a soukromý život!

[www.babyoffice.cz](http://www.babyoffice.cz)



**Coworking & pronájem zasedačky**  
Inspirativní místo pro práci ve sdílené kanceláři  
Pronájem prostor pro přednášky, semináře a jiné akce

**Miniškolka & individuální hlídání**  
Miniškolka od 18 měsíců s flexibilní docházkou  
Péče o děti od 6 měsíců  
Metodika s prvky Montessori

**Mobilní dětské koutky & zážitkové programy**  
Na veletrzích, festivalech a dalších akcích se postaráme o vaše děti  
Zajišťujeme akce pro rodiny

**Kurzy a semináře & podpora podnikání**  
Jak se zviditelnit? Jak najít zákazníky? Jak nastartovat změnu ve svém životě?  
Akce nejen pro podnikatele!

**BABY OFFICE, [Info@babyoffice.cz](mailto:Info@babyoffice.cz), tel.: 603 564 243, [www.babyoffice.cz](http://www.babyoffice.cz)  
Business centrum Zálesí, Pod Višňovkou 1662/25, Praha 4, Budova B3, 6. patro**



Source: Baby Office  
Appendix 3 - example of seminar



Source: Baby Office

**Appendix 4 - Mobile Kid's corner**



Source: Baby Office

**Appendix 5 - Mini kindergarten**



Source: Baby Office

**Appendix 6 - Example of shared office (coworking space)**



Source: Baby Office