

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Diploma thesis**

**Marketing mix evaluation in a market oriented company  
for a specific brand**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## DIPLOMA THESIS ASSIGNMENT

Šárka Hroníčková

Economics and Management

Thesis title

**Marketing mix evaluation in a market oriented company for a specific brand**

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### Objectives of thesis

The main aim of the thesis is to evaluate and examine marketing mix used in a market oriented company for a specific brand.

### Methodology

Theoretical background is based on the literature review. The primary data will be gathered by own research. Gained data will be processed by using comparison method, document analysis and synthesis. This research is limited by the company's management with respect to the sensitivity of the data.

**The proposed extent of the thesis**

60 – 80 stran

**Keywords**

Marketing, marketing mix, communication mix, product

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**Recommended information sources**

ARMSTRONG, G. – KOTLER, P. *Principles of marketing*. Harlow: Pearson, 2012. ISBN 978-0-273-75243-1.

BOČEK, M., JESENSKÝ D. a KROFIÁNOVÁ D. POP – In-store komunikace v praxi: trendy a nástroje marketingu v místě prodeje (POP-In-store communication in practical use: trends and tools of marketing in the point of sale) 1. vyd. Praha: Grada, 2009. ISBN 978-80-247-2840-7.

BOUČKOVÁ, J. *Marketing*. Praha: C.H. Beck, 2003. ISBN 80-7179-577-1.

JAKUBÍKOVÁ, D. *Strategický marketing*. Praha: Grada, 2008. ISBN 978-80-247-2690-8.

KOTLER P.: *Marketing management*. rozš. vyd. Praha: Grada, 2001. Profesionál. ISBN: 80-247-0016-6.

KOTLER, P. *Moderní marketing : 4. evropské vydání*. Praha: Grada, 2007. ISBN 978-80-247-1545-2.

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### **Honourable declaration**

I declare that I have worked on my diploma thesis titled "Marketing mix evaluation in a market oriented company for a specific brand" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on 24th March

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Šárka Hroníčková

## Acknowledgement

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# Zhodnocení marketingového mixu v tržně orientované firmě pro konkrétní značku

## Souhrn

Diplomová práce se zabývá zhodnocením marketingového mixu v tržně orientované společnosti pro specifickou značku. Teoretická část obsahuje prostudování literatury zabývající se daným tématem. Teoretický výklad slouží k vypracování praktické části. Hlavním cílem práce je zhodnocení a analýza marketingového mixu se zaměřením na komunikační mix, vytvoření uceleného pohledku používaných marketingových nástrojů pro značku Scholl ve společnosti Reckitt Benckiser. Praktická část zahrnuje charakteristiku marketingového mixu a kapitola Výsledky výzkumu obsahuje jeho zhodnocení. V této kapitole je zpracována realizace všech marketingových aktivit v roce 2015 v drogeriích DM, jejich vliv na prodeje celé značky a odděleně pilníků na nohy. Zhodnocení praktické části vyústilo v doporučení společnosti se zaměřit na segment Comfort, neustále pokračovat v inovování výrobků. Dále jsou zodpovězeny výzkumné otázky, doporučení a návrhy.

Diplomová práce přináší ucelený pohled na marketingovou komunikaci značky Scholl a doporučení pro firmu Reckitt Benckiser, které by vedlo k dalšímu růstu značky.

**Klíčová slova:** Marketing, marketingový mix, komunikační mix, výrobek, značka, cena, distribuce, komunikace, reklama, prodejní podpora.

# **Marketing mix evaluation in a market oriented company for a specific brand**

## **Summary**

This diploma thesis concerns the marketing mix used in a market oriented company for a specific brand. The literature review contains the theoretical background for practical part. The main objective is to evaluate and analyse the marketing mix with a focus on communication mix, create a coherent overview of marketing tools used for the brand Scholl in the company Reckitt Benckiser. Practical part contains the characteristics of the marketing mix and the chapter Research outcomes includes its evaluation. This chapter elaborates realization of marketing activities in DM drugstores in the year 2015, their impact on sales of the brand Scholl and Hard Skin Removers. Evaluation of the practical part resulted in recommendation to focus on segment Comfort. Research questions, recommendations and proposals are closely discussed in closing part of the thesis.

The diploma thesis gives a comprehensive view of marketing mix of the brand Scholl and recommendations for the company Reckitt Benckiser, which would lead to the further growth of the brand.

**Keywords:** Marketing, marketing mix, communication mix, product, brand, price, place, promotion, advertising, sales support.

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# 1. Introduction

Nowadays, the world is full of marketing; companies use advertisements and other persuasive tools to gain customer's attention in order to increase sales. It is necessary to build brand awareness in the market so the brand can be successful. A successful brand is a sign of a quality marketing mix. Each company has a marketing mix tailored to their goals or objectives of its brand.

Reckitt Benckiser is a global leader that produces and sells fast moving consumer goods for more than 200 years. Their products are available worldwide. The company is not very well known, but its brands are very famous. The market is full of competition and therefore, companies must constantly develop and deliver innovative products. Consumers are changing their preferences based on what is trendy, modern and healthy. Quality is another aspect, which assures that customers are loyal to brands and do not leave to the competition. Therefore, it is necessary to take care of customers and satisfy their needs. Reckitt Benckiser primarily supports 19 global core brands, which include also the brand Scholl. These brands are supported both technologically, financially and last but not least in marketing terms. Each year Reckitt Benckiser defines 3 "big bets" in the context of news that concentrates most of its attention on financial resources and sales support.

In 2014, the brand Scholl launched a new innovative product, Scholl Hard Skin Remover. After the unexpected success in all markets, the company decided to relaunch this product. In the year 2015, it launched the whole range of Scholl Velvet Smooth, which contained Scholl Hard Skin Remover and aftercare Scholl products. This launch was nominated as the 1 of the 3 "big bets". Due to this fact, Scholl gained the widest possible support of communication mix, which the company Reckitt Benckiser offers.

## **2. Aims and methodology**

This part of the Diploma thesis contains the Aims and methodology. It is divided into 2 parts for clarity.

### **2.1. Aims of this thesis**

The main aim of this thesis is to evaluate and examine the marketing mix used in a market oriented company for a specific brand. It will be done by the evaluation and analysis of the marketing mix with a focus on implementation of communication mix. The partial objective is to create a coherent overview of marketing tools used for the brand Scholl, do the research of the whole marketing mix of the brand, and examine the communication mix in more detail. In the communication mix there is a research of hostess promotion. The aim is also to evaluate hostess promotion according to promotion days per retail store on the basis of approaching customers (contacts), products sold, which were in focus and investment put into this promotion. Provide the evaluation and recommendation of this promotion, which was held by the brand Scholl. Evaluate the research in the chapter Research outcomes, where the whole marketing mix is evaluated and then the communication mix of the brand Scholl applied on the DM drugstore in the year 2015. Evaluation and comparison to the year 2014 in Hard Skin Removers of all brands was done, by using the timeline method. The goal is to recommend the proposals helping the growth of the brand in the future.

**With regards to the aims of the diploma thesis, the following questions were proposed and are going to be answered:**

- What is the structure of marketing mix of the brand Scholl and what are the main proposals and recommendations after the evaluation of marketing mix?
- Did the performance of the hostess promotion influence the customers to buy Scholl?
- What is the sales impact of communication mix for a chosen customer on the Hard Skin Remover?

## 2.2. Methodology of research

The first part of this diploma thesis contains the theoretical background for the practical part, which will be written on the basis of critical study of bibliography by theoretical methods. Additionally, a deduction and comparison method will be applied in order to understand all factors. Lastly, it contains the literature review regarding marketing, sorting marketing mix according 4P's, which are used in fast moving consumer goods companies.

The practical part contains characteristic of the company Reckitt Benckiser, chosen brand Scholl is described and analysis of marketing mix as a research for the brand Scholl is applied in practice, studied on the basis of internal data of the company Reckitt Benckiser. The empirical methods such as document analysis, observation, and comparison method was used to provide analysis of marketing mix used in Reckitt Benckiser for brand Scholl. More detailed analysis is done for the communication mix, which belongs to the 4<sup>th</sup> P (Promotion). The advertising and public relation is characterised and shown with proper information and data. Sales promotion is examined and the tools for support and the hostess event are shown, held by the brand Scholl. The evaluation of the hostess promotion research was done. The promotion was held from 22<sup>nd</sup> May 2015 to 11<sup>th</sup> July 2015 in five retail stores (Tesco, Ahold, Globus, DM drugstore and Rossmann), together in 96 promo days.

The chapter Research outcomes contains the evaluation of marketing mix. In the first part there is the evaluation of product, price and place. The next part contains the evaluation of communication mix: TV advertisement, Facebook, Scholl website, Public Relations, Sales support and hostess promotion. For the use of this diploma thesis, there was calculated hostess promotion indicator return on investments (ROI), including gain from investments (Net income - calculated the average of margin on Scholl products, recommendation prices of products from others Scholl products and the price of Velvet Smooth range in discount). The conditions of every retailer were not calculated. The last part of the chapter Research outcomes contains Sales impact of marketing tools in DM drugstore. Communication mix of the brand Scholl is applied in the DM drugstore in the year 2015. Analytical method help to analyse the influence of marketing tools on sales by the category Foot care and then only Hard Skin Removers, where a correlation is found between these two.

The chapter Recommendations and proposals contains the suggested recommendations for the brand Scholl and Reckitt Benckiser

The diploma thesis contains a timeline method as division of sales products from the period 2015 to trend, cycle, seasonality and combination of these components to get forecasts. This was done in order to be able to see the difference between the sales of the chosen product Scholl Hard Skin Remover and brand Scholl both the year 2015, weekly. The impact of the sales was shown by the method of graphical comparison of trends. It is based on the company's internal data provided by DM drugstore and internal data from Reckitt Benckiser.

**Limitations:**

- The company's management with respect to the sensitivity of data limits this research. The comparison of sensitive data and sensitive facts cannot be published so it will be mainly shown in percentages, because of the business policy and the company's competition.
- This diploma thesis is based on the Scholl portfolio, which was up to date in January 2015, when were the data and information collected.
- This diploma thesis is focused on Scholl products, which belong to the household group.
- According to type of goods and Reckitt Benckiser's policy direct marketing is not included in the research.
- Implementing marketing mix is focused only on household portfolio of the brand Scholl.
- In the implementing marketing mix in the DM drugstore was necessary to put into the graphs the intervals of 4 weeks in order to insert these graphs to the diploma thesis.

## **3. Literature Review**

Literature review creates the background for practical part. It is written on the basis of academic literature. It defines the fundamental terms and ideas for understanding the marketing mix as a whole. Main books come from Kotler Philip and collective, Jakubíková, Boučková and Marketing in practical use.

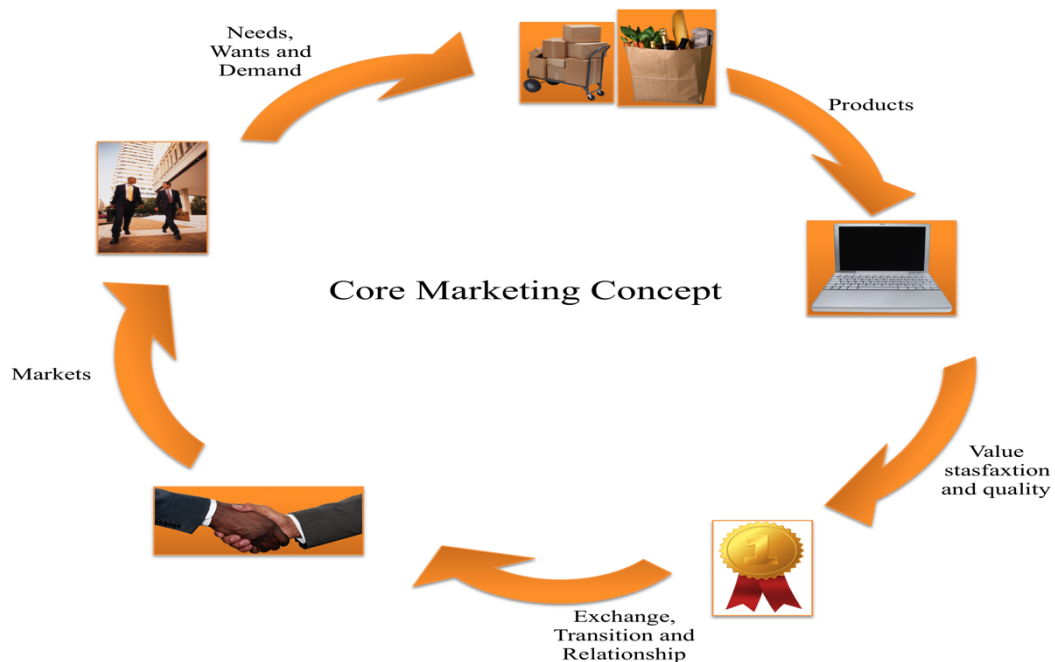
### **3.1. Marketing in general**

It is very difficult to express the essence of marketing in one sentence, but it is a common interest between the customer's and business' needs. The key and priority of all marketing fields should be a customer. Marketing is supposed to be a summary of activities, which should satisfy the customer's expectations and needs. There are usually common elements that marketing proceeds from identifying customer's problems and offers a solution. Marketing as a process begins, according to Boučková, (2003) with estimating customer's needs and products, which could meet their requirements. The goal of marketing is to find a balance between the customer's interest and business's interest. The customer's satisfaction is reflected in sales with a profit, which is the basis of successful business. Thriving businesses have to be prepared to adapt variable conditions in the market function as well as react and act quickly according to dynamic relations between supply and demand. Marketing is based on understanding customer's problems and needs and offering solutions to these problems. The marketing process begins with an estimate of needs and shaping ideas about products that might fulfil the customer's expectations. When the customer is satisfied, it is reflected in sales with a profit, which is an critical for a successful business (Boučková, 2003) Kotler et al. (2007).

The marketing process begins even before the product is established. Kotler et al. (2007) in his book on modern marketing says that marketing it is the task of marketing managers to find an ideal product, which would meet the customer's needs. They have to determine the size, scale, and design that make the product attractive. They then decide whether it will be profitable. Placing a product on the market, marketing work continues for as long as the product is on the

market. Kotler et al. (2007) indicates that marketing continues throughout the product's life, trying not only to attract new customers but also retain existing ones, improve appearance and performance, and especially learn from the results of sales. If the marketing manager correctly identifies customer needs, identifies target customers, has a well-managed distribution, the promotion is applied, then sales are achieved easily (Kotler et al., 2007).

**Figure 1: Core Marketing Concept**



Source: Kotler et al., (2004); own processing

Marketing is usually perceived as advertisement in TV, radio, magazine, online leaflets and other similar mechanisms. This does not reflect the complexity of marketing. Everybody wants to sell a product. Selling and advertising are just 2 of many marketing functions that belong to the marketing mix which also includes communication mix. These factors work on influencing the market (Kotler et al., 2004).

When the company is marketing oriented, then it is associated with the creation and utilization of marketing tools that are called the marketing mix. It is a set of tools the company can use to influence their environment which helps to realize its goals. The basis of marketing mix consists of 4P's, including: product, price, promotion, and place. It can be extended by an

additional 3P's: process, people and physical evidence (Boučková, 2003). Individual folders of marketing mix can be also structured. Communication mix stands for advertising, sales support, direct marketing, PR.

### **3.1.1. Global Marketing**

Global marketing is one of the concepts of international marketing. This concept allows applying the same type of products on the same sort of customers within the international market. Global concepts are based on the use of a marketing process in all markets. Prerequisite for global concept is homogenization of needs and consumer demand for average quality products at affordable prices, mass production and application of products in the world market (Machková, 2009). Global businesses operate in more than one country and their activities cover a wide range of activities from: production, logistics, marketing, financial management to research and also development. Global businesses plan, operate and coordinate their activities under centralized management (Kotler et al., 2007). According to Keller (2007), many of famous global brands achieved the biggest amount of the profit and sales from different than domestic market, for example: Coca-Cola, Shell, and Marlboro. Brands like L'Oreal or Nescafé operate within the global environment. It is success for international companies to implement global marketing strategies in the enterprise. The increasing interest of global marketing contributed:

- perception of slow growth and increased competition in the domestic market;
- confidence in the growth of countries and profitable opportunities overseas;
- efforts to reduce costs through economies of scale;
- the need for risk diversification;
- recognizing the global mobility of customers (Keller 2007).

In the current market environment, global enterprises integrate their strategic goals into local and regional interests based on integrating of global goals into the local goals. The most important thing is to think global and behave locally. Local strategies of multinational



companies enable to target exact marketing and accelerate the decision-making process. Effective global strategy creates the conditions for a clear and consistent brand value. Brand identity should be the same regardless of geographic borders, necessary to follow the brand positioning in the market, it is possible to sell one product under different names (Algida – in Czech Republic Langnese – in Germany), and the character of global brand is a centrally controlled marketing. Therefore, businesses implement their strategies towards global branding. This approach optimizes brand performance in local, regional and international markets (Keller, 2007). The strategy of centralized marketing is to respect local traditions and laws, which may be beneficial for products that are sold in more than one country - even in different cultures. This trend called intercultural marketing responds to the fact, that the undertaking cannot understand the desire and consumer needs within a single unit. Consumer behaviour is influenced by social and cultural factors, and businesses at the global level must respect individual wishes and needs of consumers (Machková, 2009).

### **3.1.2. Marketing planning**

Marketing planning is an essential part of the strategic plan of the organization. It is a systematic and rational enforcement of market and business challenges derived from the basic business and marketing goals. The outcome of this process is to develop a marketing plan. The document integrates situational analysis, SWOT analysis, goals, strategies and tactic, budgets and control mechanisms in a comprehensive document. It is clear that this is a strategic corporate document regulating the implementation of the marketing strategy. The marketing plan is usually related to a medium long period of time and detailed describes the specific marketing activities that lead to the strategic marketing objectives. These plans mainly answer the following questions (Jakubíková, 2008):

- On what activities will be the company focused?
- Who will be responsible for these tasks?
- When will be the tasks implemented?
- How much of the budget will be spend?

The most common used marketing plans are annual, which are formed by the middle management level. The annual plan is divided into marketing activities with shorter time periods (quarter, month, period). Development of marketing strategy in the medium-term marketing plans, however, may not be sufficiently effective. Marketing planning belongs to the most complicated marketing tasks. It is important to compile the individual parts into a plan (Jakubíková, 2008).

The subjects of the marketing plan are not only products, but usually modified marketing activities concerned with brands, distribution channels, and customer groups. Currently the marketing plans are focused on customers and competitors. The planning is a continuous process, which is adapted to a fast changing market. The manager has to react according to competitors and customer's needs. The classical marketing plan includes following parts (Kotler et al., 2007):

- summary and content – overview of main objectives and recommendations
- situation analysis – data on business performance and the macro – environment
- marketing strategy – mission, definition of marketing activities and goals
- financial planning – sales forecast, expenses forecast and profitability analysis
- monitoring of compliance – activity control layout.

According to Jakubíková, 2008, in her book *Marketing Strategy* SWOT analysis was added, then detailed described that in the marketing strategy is necessary to specify, what product is going to be sold, what are advantages of these products. The distribution is very important, where and how is going to be that product sold. Price policy and communication mix adds what kind of advertisement is going to be done by the marketing department, PR, sales support etc.). Action programs might be described into concrete activities and tasks, what is the goal, time schedule and planned budget. Jakubíková wrote identical steps about marketing plan as Kotler et al. (2007), there is a summary, situation analysis, marketing strategy, budget and final check (Jakubíková, 2008).

### **3.1.2.1. Types and styles of planning**

Jakubíková (2008) in the book Strategic management divides the planning into groups based on time, type of decision and according to level and style of marketing of the company. The budget is also adjusted according to type of planning.

Planning according to time:

- short - term planning;
- medium - term planning;
- long – term planning.

Planning according to type of decision:

- strategic planning;
- operational planning.

Planning according to level of doing the marketing planning:

- within concern;
- within division;
- within corporation;
- within company;
- within brand;
- within product.

Plans according to style of planning:

- top - down planning;
- bottom - up planning;
- goals – down plans – up planning.

Even well prepared and detailed plan is not a guarantee of success. It depends very much on people who are implementing the plan and it is easy to fail by realizing. Marketing managers have to check step by step the plan and track its progress. If there are some differences within the plan and reality, they should choose not to repeat it (Jakubíková, 2008).

## **3.2. Marketing mix**

The concrete process of marketing management represents the marketing mix in a practical and operational way: product, price, place, promotion. These components of the marketing mix must ensure the integration of the business production process with the target customer's wants and needs. Marketing mix together with the target market create a marketing strategy for the company. Individual elements of the marketing mix are interdependent and influence each other (Jakubíková, 2008).

Marketing managers use to carry out their work by marketing mix, which contains tools to fulfil marketing objectives in the target market. McCarthy created the most famous marketing mix. He divided the tools into four groups of four called the 4P's (Kotler, 2001). The 4P's name originated from the first letters of the English names of the components of the marketing mix. It is a Product, Price, Place and Promotion. The fourth P called Promotion is sometimes called also communication mix (Kotler et al., 2007). Individual 4P are divided into numbers of sub-components, which can be suitably combined to achieve marketing goals. Figure 3 shows the marketing mix divided into 4P.

**Figure 2: Marketing mix**

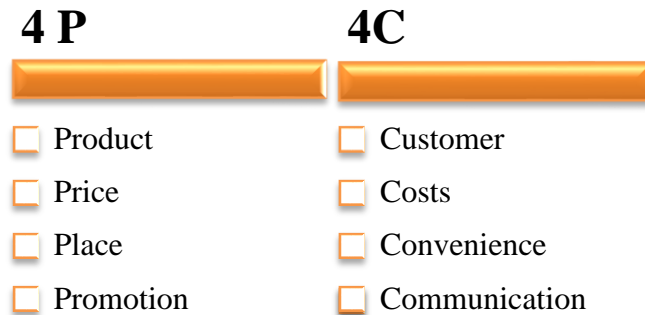


Source: Kotler et al. (2012); own processing

in the book *Modern Marketing*, Kotler et al. (2007) explains that the proper use of the marketing mix cannot be from the perspective of the seller, but from the perspective of the customer. The marketing mix from the customer perspective can no longer represent the different components of 4P, but components 4C. The company must offer product that will satisfy the customer's wants and needs. The price must match the cost, which is capable the customer pay for the product. Place must be combined with the convenience of the customer and promotion is the communication used in the way so the target customers will get to know about the product.

The marketing mix is set of marketing tools that a company can use to influence the demand for its products. Organizations that satisfy customer's needs win. Marketing mix can be supplemented by other elements. Nowadays, a 5<sup>th</sup> P is added, People. It is about people not just from around the company, but also within the company. Additionally, there is process and physical environment. This diploma thesis will only examine the first 4.

**Figure 3: Relation 4P and 4C**



Source: Kotler et al. (2007); own processing

### 3.2.1. Product

A product is anything we buy or sell. It is the most important element of the marketing mix and it is the key element in the market offering. Kotler et al. (2012) describes the product as anything that can be offered in the market to attract attention, purchase, use or consumption that might satisfy the needs, wants or wishes.

Products are not only tangible objects such as motorbikes, sofas, food, but also include services, people, places, events, organizations, as well as ideas like advices from a doctor. Services are products, which cover activities and provide satisfactions, benefits, knowledge and etc. It does not result in ownership. Examples of services include massages, banking services, cleaning services travel agencies. There are products, which are not accompanied by services and are called pure tangible goods. Pure service is the other extreme group, where the market offer consists of just service. The middle stage is a kind of product goods-and-services (Kotler et al., 2012).

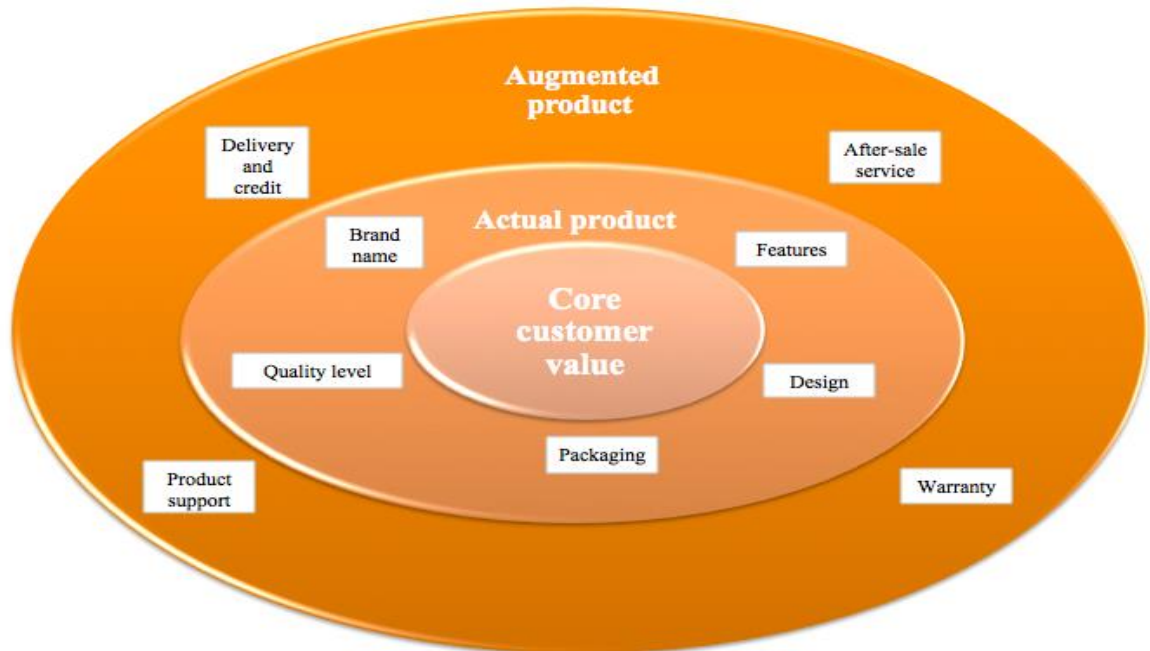
The product must be understood as a complex of characteristics that motivates consumers to buy. We assume that the product is not to be bought only for their basic needs. As we can see in Figure 5: Three levels of product, there are levels of products, which is necessary to take into consideration during product planning. Every level increases the value for the customer. The Core customer value is the most basic level, which is the answer of the question:

What is the buyer buying? Marketers have to define the core, problem-solving benefits, the real purpose for what the customers the product seek. When the customers buy a car, they buy more than just a transport vehicle, so that's why marketers define the benefits and offer them to consumers (Kotler et al., 2012).

The second level means that product planners turn the core customer value into the actual product. For this level it is necessary to develop attributes: brand name, features, design, packaging and quality level. When the customers buy BMW, they know they buy more than a transport vehicle; they buy a brand they choose design and expect proper quality (Kotler et al., 2012).

Offering additional consumer services and benefits is included in the augmented product. It is necessary to offer consumers after-sale service, instructions, web-site or free telephone number, to show how to use the product, when the product breaks the warranty (Kotler et al., 2012).

**Figure 4: Three levels of product**



Source: Kotler et al. (2012); own processing

The complex bundles of benefits that satisfy the wants and needs are what consumers look for. There is a longer process of identifying core customer values when the product has to get the design and become the actual product. They have to find ways to augment it and create the most satisfying product. The competition on the market is noticed just on the level of augmented product. Successful companies are trying to develop benefits and offer them to consumer so the consumers satisfy their needs are also pleased. Of course these benefits cost more, so marketers have to decide where it is worth it, or not. When there is a new benefit, or better one, the market reacts very fast, especially competitors. After some time, the new developed offer is no longer benefit because it becomes to be a standard (Kotler et al., 2012).

### **3.2.1.1. Classification of products**

Marketers have divided products and services into two broad groups according to the type of consumers - **consumer products** and **industrial products**. Products, which are used for personal consumption, are called consumer products. Industrial products are purchased for future use in business or manufacturing process. The same product may be very customer-assigned to both groups. For example, if a family purchases a vacuum cleaner for the purpose of cleaning the home, it is a consumer good. But if that same cleaner acquires a company whose core business is office cleaning and vacuum cleaner will be used in carrying out its activities, it is an industrial product (Kotler et al., 2012).

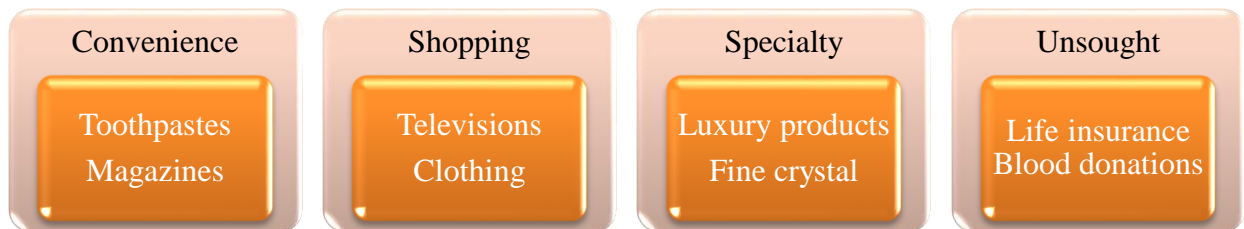
According to Kotler et al. 2012, Consumer products are further divided into 4 types:

- **Convenience products** are bought frequently, using little planning and low customer involvement. The price is low and there are mass promotions, produced usually by fast moving goods companies.
- **Shopping products** are purchased less frequently; the price is higher, so the customer compares brands, quality. Promotion is advertising, personal selling.
- **Specialty products** are purchased by loyal customers, they have strong brand preferences and loyalty needed. The price is high; there is an exclusive distribution, few outlets.



- **Unsought products** are products, which the customer does not seek and has little knowledge about. The price is varied, promotion by advertising.

**Figure 5: Examples of consumer goods**



Source: Kotler et al. (2012); own processing

Kotler et al. (2012), divided Industrial products into 3 types:

- **Materials and parts**, in this group includes raw materials, component materials and parts for further processes.
- **Capital items** are products that aid in the buyer's production or operations. They include installations, buildings, machineries and other equipment.
- **Supplies and services** are products, which are not components, but used in assisting operations. Examples are: papers, printers, window cleaning, computer repairs and consulting.

The product itself is able to communicate with consumers according to Boučková (2003). She wrote, that the product is able in a certain way to communicate with consumers and the public in general, through product media, which includes mainly: brand, design, and packaging. Kotler et al. (2007) says, that main product attributes are quality, function, style and design. When customers return to the store and buy the product again, that means they are loyal and like the quality. When the products are returned, than the quality is not satisfied. Mostly the firm perceives the quality as an investment into the future profit and means durability, reliability, and accuracy (Kotler et al., 2007).

## **Brand**

Kotler (2001) and Keller (2007) describe the brand as a name, term, sign, symbol, design or a combination of these elements that identifies the producer or seller of a product or service from competitor's products. It is important for the brand to be known for a long time, so it is loyal, might be memorable and short. When a consumer writes on the shopping list the brand of the product instead of name of the segment, that is the goal of marketer (Boučková 2003). A typical example for Czech Republic is when a customer needs to buy a dishwashing detergent, he/she writes directly to the shopping list JAR. But it can be also counterproductive, because even the customer does not want to buy JAR, as a note writes it.

Brand equity is the willingness of customers to pay for the product of one brand more than for a product of a competitor's brand and is a key asset of the company. When the company reduces the price of the product brand, its sales increase sharply. Conversely, an increase in selling prices does not decrease the sale. The reason is that consumers consider the brand as unique and irreplaceable - any reduction in price is worth it. The brand value consists of components: brand equity, perceived quality, brand loyalty and brand association. Perceived quality of consumers associates with the brand and is directly dependent on the actual quality of the product. Brand loyalty usually has a group of customers who are seeking branded products and trust them. Forecasting the sales volume of loyal customers is easier to, based on current sales. The last part of the brand value is associations that the brand causes to customers. The association is connected to the product portfolio, categories, quality, price, performance, and other elements (Karlíček, 2011).

## **Packaging, Design**

As Kotler et al. (2012) says in his book *Principles of Marketing*, historically, packaging was used as a protection against the damage of the product. Currently the packaging has more function and has become very important for marketers because of its design. The functions are: to attract attention - immediate brand recognition, informational - description of the product,

ingredients. There must be written information on the package, which is regulated by legislation (Kotler et al., 2012).

It is very important that packaging attracts the attention of customers on the shelf, because of many competitors. Boučková (2007) argues that the core of product design can be defined as the maximum harmonization of the four elements: functionality, aesthetics, elegance and ergonomics (Boučková, 2007).

Currently the packaging is not just a cover that protects the product. When products are sent to the shop, primary the packaging protects the product itself, attracting attention and serving as the identification for transport. Packaging has become another marketing tool due to the type of self-service outlets and impulse purchases (Boučková, 2007).

The size of the package is very important as well as the design because of impulsive purchase. The development of a design is usually very costly and is based on global marketing. Today's society thinks more about environmental pollution and therefore prefers packaging that is more environmentally friendly.

### **3.2.2. Price**

Price is a key part of the marketing mix. The performance of the company is caused by the price a lot. Price might include the ability affectively react on the demand of products. Price as a marketing tool depends on supply reflected in the price of all the factors that could significantly affect the price, and how to combine pricing with the other elements of the marketing mix. The aim of pricing policy to receive the return on investment, achieving a certain market share, sales volume, and retaining customers. The price of products reflect activities regarding: production of product, packaging, storehouse fee, transport costs, distribution and marketing communication. The final form prices have many external and internal factors. The external factors include the nature of the market, the nature of the demand of customers. The internal costs include marketing costs, organization of pricing policy, marketing mix and differentiation of products (Jakubíková, 2008).

The price represents the relationship between supply and demand. Price is also a financial statement that the consumer pays for a product or a service. It represents the utility value of the product. Jakubíková (2008) states, that the price is understood as an element of the marketing mix, which forms the character of the product. A product is mainly sold on the basis of price list. It is important to set a reasonable price, so the customer is willing to pay for the product. The price of the product covers the costs of the company and ideally generates a profit. Higher price consumers associate the mark with quality. If a product is priced too low, it might be deemed untrustworthy. (Jakubíková, 2008).

Price is the only element of the marketing mix, which brings revenues. All other means for the company expenses. Price of the product is, for many companies, a big problem because it is not set up correctly. The reduction of the price of products is not always the best way to increase sales volumes. There is a way to convince customers about the product and let them pay a higher price for quality (Kotler et al., 2012).

International companies meet many problems with products all over the world. The products are produced in one country and then they have to be transported to another. Meaning there are higher costs from transportation and tariffs which in turn raises the price. The company can state the united price, but it would cause different revenues in every country. Companies could state the market price, but it ignores the costs of the country. Then customer can buy it in the country, where the product is cheaper and sell in the country where the price is higher. Dumping is a serious problem, which many companies are trying to avoid. When a company sells products bellow the costs, or when the products are sold into other country where the same products are sold for higher price (Kotler et al., 2001).

### **3.2.2.1. Pricing strategies**

Major pricing strategies according to Kotler et al. (2012) are Value-based pricing, competition-based pricing and cost-based pricing. Figure 7. Shows the process of creating a price via Cost-based pricing. This kind of pricing is used very often in the fast moving consumer goods companies. Marketing finds a suitable product, counts the costs and sets up a price, which

will cover costs and generates profit. Marketing has to convince customers that it has the value. Figure 8 shows the opposite pricing, so the first step is to find the value of perception product, then the value leads to the proper product. Value-added pricing helps to find a combination of good quality, good service, and proper price, not cutting price to match competitors, but adding features that support higher prices. Competitors-based pricing is a price policy, which is preceded from the analysis of competitors. The price is done on perception, that customers are willing to pay same amount of money for similar products and usually market has a leader and then the leader product drives the pricing.

**Figure 6: Cost-based pricing**



Source: Kotler et al. (2012); own processing

**Figure 7: Value-based pricing**



Source: Kotler et al. (2012); own processing

### 3.2.3. Place – Distribution

The speed of delivering products, guarantee of quality and making them available to buyers, requires building relationships with customers and also with suppliers. Distribution has a high attention of producer because it is necessary to have the products in the right time, in the right place and for right price. Supply chain has two groups of partners. Downstream group is a group of partners, including wholesalers and retailers and it is the connection between the firm and customers. These groups are mainly focused marketers, on marketing channels. The next

group is Upstream, there belong suppliers of raw material, information, components, parts, finances and professionals needed to create a service or product. Supply chain is the term and it is a view “make and sell”, do the raw material is starting point for market planning. There can be also demand chain it includes more activities: purchase, production, consumption activities (Kotler et al. 2012).

Distribution is also a very important part of the marketing mix, which companies have to plan well, so their product can reach the targeted market. Jakubíková (2008) states, that the main aim of the distribution is to deliver the product to the customer, where it will be convenience for him to buy it. The costs of distribution affect the price of the product a lot.

### **3.2.3.1. Distribution policy**

Jakubíková in the book Strategic management describes distribution policy as follows:

- physical movements of products (transport, warehouse, supply);
- change of owner;
- information, cash flow, advertising, sales support (Jakubíková, 2008).

Most of the companies do not sell the product to the consumers directly, but have distribution channels. The decision about the right distribution channel is solved by distribution policy. It is important to have the correct manner of distribution channels at the desired time, quality and quantity. Within distribution activities is the requirement of the efficient movement of goods. It should also venture through distribution to achieve maximum revenues from sales due selected distribution channels. This component of the marketing mix cannot be changed flexibly because it is creating distribution channels term process. The distribution channels might be different by different products and it depends on marketing decisions and also whether the products belong to the same group of products (Jakubíková, 2008).

Boučková (2003) describes the distribution policy as a set of activities, the way, how the product goes from the production place to the consumer. Distribution policy might be different

for luxury products or products for daily consumption. This fact goes hand in hand with distribution channel. Boučková also mentioned that the distribution channel suitable for daily consumption might be less suitable for luxury products. It follows the diversity of distribution channels used. The distribution of a company is a unique combination of producer, distributor and the method of selling to the end customer. Distribution channels can be divided into direct marketing channel and indirect marketing channel. Direct distribution is called a direct connection between the producer and the customer without any intermediary levels, indirect connection is the involvement of one or more intermediary levels (Jakubíková, 2008); (Kotler et al. 2012).

### **3.2.3.2. Distributor channels**

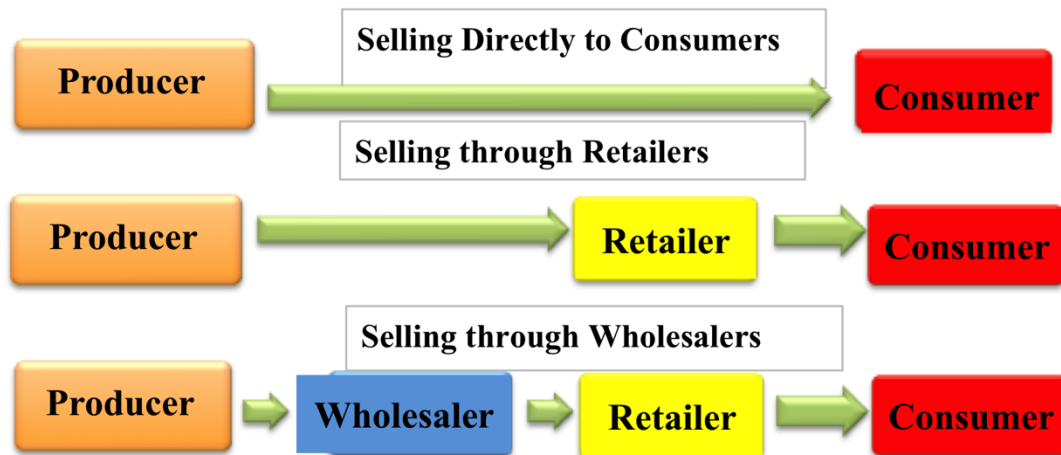
Many companies have channel partners, which means that they give up control over how and when they sell the products. Intermediaries solve the problem with availability on the target market, because they help the company through their contacts, experience more than the company could achieve on its own. The availability of products and services to consumers, the company tries to add value by bridging the place, possession gaps and mainly major time that separates the goods from the consumers. Companies perform many functions, which help to complete distribution channels: information, promotion, contact, matching, financing, negotiation, physical distribution, and risk taking. The purpose of channel level is to bring the product and its ownership closer to the customer and it is a layer of intermediaries that performs that job (Kotler et al., 2012). Jakubíková (2008) divides intermediaries into business intermediaries, business brokers and providers of service. Business intermediaries are engaged in commercial activities, buy goods from the manufacturer, offer, sell, deliver and charge them out. Business brokers do not buy goods from the producer only seek out suitable partners and market for the seller or buyer, organize presentations, conditions. Therefore it is an intermediary services. Providers of service are companies buying and selling activities, including, stores, banks and marketing agencies (Jakubíková, 2008).

Distributors help the company to not have too many customers. There is the example of a company, when they want to contact all the e-commerce partners, they have a distributor, where the products are shipped, so there is just 1 shipment address but then the products are sent to other customers. When the distributors are smaller, it is more convenient to use the distributor that can match the demand with a supply.

Figure 9 describes 3 types of customer marketing channels. Selling directly to consumers is a direct type of channel and it is usually used in a smaller company or bigger company via e-shop. The producer produces products and delivers it directly to the consumer, there is no intermediary used, because all transactions are made by the company. An indirect channel brings the products to the consumer, where the company uses one or more intermediaries. This channel is used in most of the products everybody buys, from a toothbrush to the motorbikes. Producers sell the products to a retailer and who sell it to the customer, or consumers. In the channel with more than one intermediary, the producer sells the products to a wholesaler and who sells them to retailers where the customers then purchase the goods. A typical example is an international company who produces hygienic goods. They are sold via e-shop direct to the customer. Alternatively, the producer can sell goods to hypermarkets and supermarkets. When there are smaller shops like Coop, there exist a wholesaler who sells it to retailers (Coop) and then the retailer sell it to customer, consumer. It depends on the marketing strategy of the company (Kotler et al., 2012).



**Figure 8: Types of distribution**



Source: Kotler et al. (2012); own processing

Advantages of the direct selling are the direct contact and communication with consumers, effective feedback, responsive approach to customers, and lower costs due to the absence of intermediaries. Disadvantages of the direct channel are the need to establish a significant number of contacts with a large number of partners and difficulties in product presentation (customer must rely on catalogues, promotional brochures and other promotional events, encountering goods in his tangible form). Direct delivery of goods is very costly in case of mass or wide supply for geographically widely scattered customers. The advantages of indirect selling is that the process of selling is divided into 2 or more companies, resulting in the reduction of the volume of work for both producers and consumers. Intermediaries use their experiences, specialization, and above all, contacts with the customers. The disadvantage is the loss of control of the producer, sold by the retailer distribution channels. Regular motivation of intermediaries to distribute to maximalist sales volumes is required. There is also dependence on the intermediaries' marketing strategy and risk regarding discounts wanted.

### 3.2.4. Promotion – Communication mix

Marketing managers do not finish their work with the development of an excellent product, the definition of attractive prices and choosing the appropriate distribution strategy, but the company has to communicate the product to the market. This role is fulfilled by the right choice of promotion, communication mix. Its main role is to reach out to new, permanent or potential customers, but also communicate with the public. Jakubíková (2008) argues that the aim of the marketing communication mix is to acquaint the audience with the product and persuade them to purchase. They build customer loyalty; increase the frequency and volume of purchase, more familiar to the public and target customers, communication with customers.

**Figure 9: Communication mix**

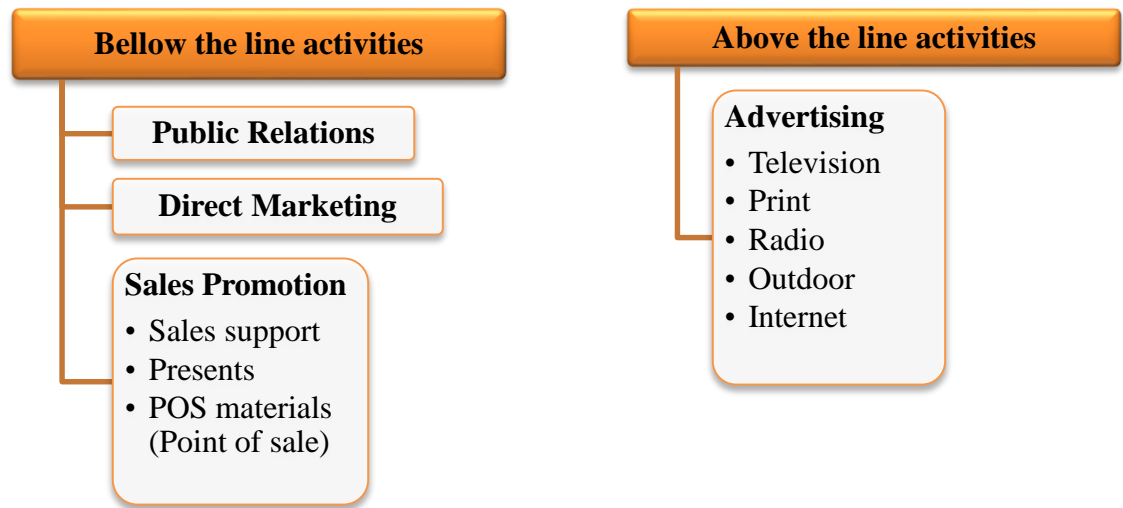


Source: Kotler et al., 2012 (Own processing)

Communication mix includes five major promotion tools: advertising; sales promotion; public relations; personal selling and direct marketing tools (Jakubíková, 2008). Integrated communication mix is the concept of integrating all communication tools and the company tries to coordinate them and get the most of it. Each major tool involves specific promotional tool to communicate with customers. The communication mix of all company is also called promotion mix, Kotler et al. (2012) says, that communication mix is used to build the relationships and communicate customer value.

Neither Kotler et al., or Boučková mention the difference between trade marketing, shopper marketing and brand marketing. These types of marketing activities are connecting ATL advertising (Above the line) and BTL (Below the line) advertising. Toby Desforges, expert in Shopper Marketing and Customer Development answers the question, what is difference between Shopper marketing and Trade marketing. Trade marketing is the sum of activities coming from Marketing and Sales departments; for some companies, it is an administrative support, but it can be stand-alone function. Shopper marketing has the process of defining and executing a marketing mix, the purpose is to change shopping behavior in order to increase the consumption of a brand Toby Desforges (2013). BTL advertising is about the execution of activity, POS materials (point of sale). It also covers the tailor made activities for retailer, sampling, presents. ATL activities are where the mass media are, to promote brands and reach target customers or consumers. It is about advertising in television, radio, print and direct mailing and PR (Public Relations). Brand marketing is the department, which finds out all the ATL activities Kiran Manral (2011).

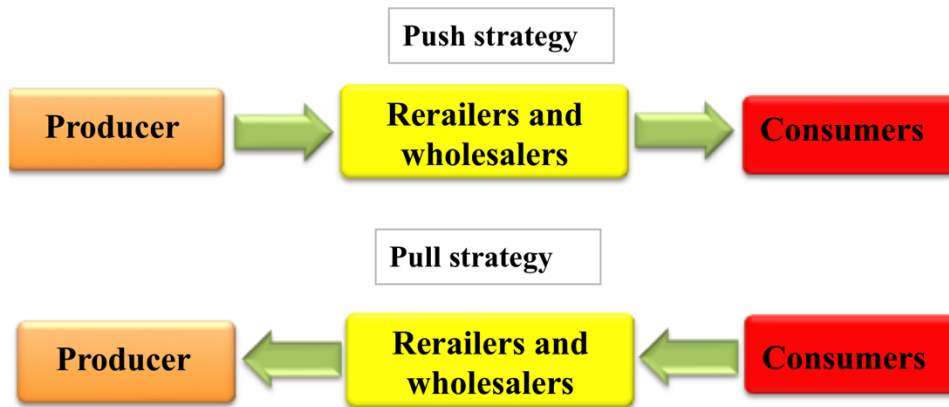
**Figure 10: Activities Bellow and Above the line**



Source: Marketingová komunikace; own processing

The Figure 11 represents the difference between two promotion mix strategies, pull and push strategies, which can be chosen by marketers. There is a difference between the importance of concrete tools. Push strategy means the combination of personal selling and direct marketing, the producers persuade the retailer and wholesales to promote the product to final consumers. Pull strategy means using mainly advertising and sales promotions to persuade the final consumers. Unilever promotes its Hera directly to its women target market using a brand Web site, TV advertising, print ads. The effective strategy will increase the demand from Unilever from retailers like Tesco. Most of the large companies use both strategies, some just one (Kotler et al., 2012); (Kotler et al., 2007).

**Figure 11: Push and Pull strategy**



Source: Kotler et al. 2012, own processing

### **3.2.4.1. Advertising**

Advertising, in its most broad form, is paid support propagated by mass media. Boučková (2003) defines advertising as a non-personal communication form of companies with customers through various media. It is a deliberate activity that provides relevant information about the product and its characteristics to the consumers. The main goal of advertising is to attract the interest of customers in buying the product. However, advertising can be divided by the specification targets into three groups:

- informative;
- persuasive;
- reminder (Boučková, 2003).

Kotler et al. (2012) wrote in his book, *Principles of Marketing*, that advertising means a non-personal presentation and promotion of ideas, paid by an identified sponsor, focused on goods, or services. P&G is the world's largest advertiser. Advertising use business firms, but also, social agencies, not-for-profit-organizations, professionals to promote their products, and

services to target publics, inform and persuade them. The objectives of advertising include targeting a specific audience and the choosing specific time period. First purposes are to persuade, inform or remind (Kotler et al., 2012).

Advertising budget depends on the stage of product cycle. New products usually need large advertising to build awareness and to gain consumers. Famous products require a lower budget. Market share of the products plays an important role as well, to build a market share from competitor, the brand must advertised more heavily and provide more spending on advertising. Brands with many competitors require more advertising, typical examples are laundry detergents, in this category there are many television advertising like: Tide, Persil, Perwoll, Woolite, Lanza, Rex, Ariel atc. Advertising strategy is to create an advertising message, claim and to choose and to select advertising media (Kotler et al., 2012).

There is a decision needed, it is possible to use for an advertising campaign:

- television;
- radio
- newspapers, magazines;
- cell phones;
- web-site;
- online network (Facebook);
- e-mail (Kotler et al., 2012).

Message strategy is the first step of creating effective advertising and its purpose is to be communicated to consumers, let the consumers think about the product, services or company. The advertiser has to develop a main creative concept that will make the message strategy life. The creative concept has to include advertising appeals: meaningful, believable, and distinctive. Advertising must then turn the idea into ad execution. The next step is to find out and determine frequency, impact, and choose a media type and media vehicles (Kotler et al., 2012).

The measuring of effectiveness and what brings the advertisement is a big issue for companies. How do they know, that they spend the right amount of money for the right advertisement? Individual advertisement might be tested before they are run. Pre- and post-

evaluations can be made for campaigns and also advertising. The advertisement is shown to customers, they are asked how they like it, and then they measure the attitude changes. The communication effect can then be seen. Sales and profit effects of advertising are more complicated to measure because they are affected by many factors, such as features, availability and price. One possibility of measuring the effectiveness describes Kotler et al. (2012) is to measure the sales in the year 1 and compare to year 0. Then compare cost of the advertisement in the year 1 with the year 0. Marketers have so much data available and still they cannot answer the question about advertising accountability (Kotler et al., 2012).

The goal of all advertisements has to be set up before the advertisement will be activated. The target audience must be established. The decision about the timing of advertisement depends on the product if is seasonal or not. If so, then the advertising starts just before this season starts. Some companies decide that they do only seasonal advertising. TV advertisement plan is called Media plan and is created in the beginning of the year. There are 2 strategies of advertisement. Continuity advertisements are TV spots are spread over the whole year. Impulsive strategy is the unregularly distribution over the time. Testing TV advertisements has shown that if the advertisement builds the awareness of the product. International standardized advertising is released in multiple countries and ignores the difference between countries Kotler et al. (2012). The creation of effective advertisement usually does the external agency and is based on the brief from marketing. Marketing gets a Storyboard first (series of illustrations and text) then when it is approved they choose an advertisement director.

Marketing teams indicate the target groups, which are shown the TV advertisement. TRP is a cumulative reach of audience, of that target group. Media agencies have all TRPs of channels and must select the package of channels for each advertising spot. Each channel has a different target group and it depends on time as well. The cost of advertising is expressed in terms of Air time Tiwari (2003).

### **3.2.4.2. PR**

According to Kotler et al. (2012), public relations is another mass-promotion tool, which help to build good relations with public by obtaining a good corporate image, stories, events and obtaining favourable publicity. Companies usually have a PR department or they hire a PR agency. Public relations have also very high impact on awareness at lower costs. They do not pay for time in media, but for a staff to develop and manage events, and information. If the PR develops a great event it can be picked up in different media. Prelaunch advertising campaigns are very important to get a successful launch. Several tools recommended like news, speeches, written, audio-visual, corporate identity materials and public service activities. An important PR vehicle is also a company's Web site (Kotler et al., 2012).

PR constitutes public relations, building good relations with the public. The aim is to build a great awareness of the company, brand or product. Boučková (2003) in her literature uses the definition of public relations in a pluralistic society way, it contributes to a mutual understanding among groups and institutions and also on effective negotiation. Public relations allow following private, public interests and numerous institutions. To achieve their objectives, these institutions must develop good relations with various target groups: employees, customers, journalists, other companies and society as a whole. The main tools of PR are messages transmitted directly to the media. When there is interesting product information, the company provides it directly to the media. Press conferences and relations with the press are the most important tools PR. The organization of special events might bring unique impression of consumers and combine these impressions with other companies that are invited. Corporate publications and corporate literature, the company produces many publications for its target segments. E.g. company magazines, annual news. Another tool is a sponsorship, the goal is to increase and consolidate the company's image. Sponsor expects the help to achieve communication objectives. The last tool is lobbying. Its main purpose is to provide relevant information to important people who will decide. Lobbying public is not very well accepted (Boučková, 2003).



Management might choose when and how the company will use PR, they might set objectives, choose messages and vehicles, in order that the plan will be implemented and results will be seen.

### **3.2.4.3. Direct Marketing**

Early direct marketing, describes Jakubíková (2008), is a summary of the company's activities that are related to the range of products and services by one or more of the mass media in order to achieve a direct response from customers. Direct marketing reaches its target audience (Jakubíková, 2008).

Also, Boučková (2003) presents the main instruments of direct marketing following tools: catalogue sale, it is the way of sending catalogues to current customers and also to potential customers by post and as part of the magazine. Customers can select a product at home and then order them by telephone or by post. Mail order is specific for specialized stores which also use catalogues. It is mostly favourable, and often the only opportunity to purchase goods that are either on the market difficult to access or are not available in the customer's hometown. Telemarketing, the term telemarketing hides a planned and systematic use of the telephone for marketing activities. This is a quick contact with the consumer. The company is not only used for direct sale but also as a marketing research and auditing databases or an invitation to events. Teleshopping uses the television as a communication channel. These spots categorized among classic advertising, but also have their own block. It is about product presentation. Television, radio and print advertisement requires direct response (Boučková, 2003).

The New Direct Marketing Model according to Kotler et al. (2012) is focusing on carefully targeted consumers and on a one-to-one basis. Internet helped to undergo the dramatic transformation of direct marketing and the advances in database technologies and new marketing media are huge. Tailor Company's marketing offers communication to contact the target groups. Currently, direct marketing means something more than an advertising, or supplementary channel. It is symbol of easy business. It is private, convenient and easy for buyers, who get the access of unlimited selection of products. It is a growing form of marketing (Kotler et al., 2012).

### **3.2.4.4. Personal Selling**

Kotler, in his book, *Modern Marketing*, (2012) describes the personal sales as the oldest profession from the marketing mix. The topic of personal selling is a little bit confusing. There are 2 types of personal selling - order takers, which are the sales assistant in the stores and order getter is the sales consultant, or sales representative. Sales representative is the seller, who seeks and addresses new Customer referral. They communicate with the retailers; wholesalers provide them services, offers and gather from them information. It is necessary for the sales representatives create long relations and loyalty. Sales team plays an important role in the company. Larger companies such as Unilever, P&G they do business only with wholesalers, and retailers. For these companies they have Key Account Managers. These Key Accounts Managers address the relationship between producer and buyer. Key Account Manager represents the company in front of customers - retailer, wholesalers and addresses the conditions of sale and generates promotion by the customer – retailer, wholesaler (Kotler et al. 2012), (Jakubíková 2008).

### **3.2.4.5. Sales promotion**

Sales promotion (According to Kotler et al. 2012), or Sales support (According to Karlíček and Král 2011) has the main aim to increase sales. For some companies investments in sales promotions are higher than investments in advertising. Jakubíková (2008) identifies sales promotion as short-term stimuli using different tools let the customer purchase products or let the retailers and wholesalers sale the products. One of the tools to increase sales is a temporary price reduction-discounts (Jakubíková 2008).

In-store communication is defined as a set of advertising tools, used within stores, which are intended to influence the purchase decision of customers (Boček, 2009).

Kotler et al. (2007) divided the sales support tools as following: direct discounts (for retailer), discounts for customers, coupons, rebates, convenient packaging, loyalty programs,

gifts (promotional product with logo), actions in the store (hostess promotion) and competitions (Kotler et al. 2007).

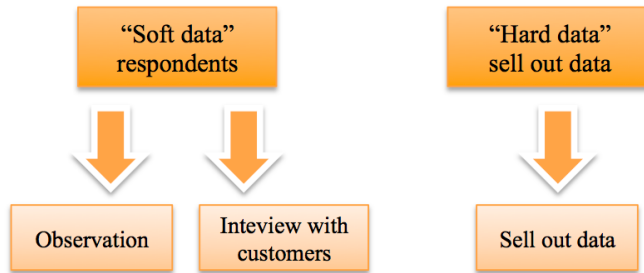
Into Sales promotion belongs in-store support (in place of purchase) via Point of Purchase communications (POP Communication) or Point of Sales communications (POS Communication). Sales promotion is also used toward retailers and wholesalers to motivate them to sell more products. Sales promotion is an added value to the product, but it does not replace the fact that the product must pass all 3P (Product, Price, Place). Using discounts by the new products can develop the kick of the price perception. The customers will buy it only with discounts. It is possible that a company decides not to advertise and prefers invest money into sales support. Sales support has the disadvantage that it is short-term activity and needs high costs. Coupons, convenient package and discounts evince the immediate reduction in margins of products. Gifts and competition are particularly challenging for marketing department to organize. POP materials have to be planned, produced, distributed, installed, maintained, and removed. POP Fees to retailer are high as well. Additionally, all of these are transient activities (Karlíček and Král 2011).

Events in the stores (hostess promotion) includes a tasting, sampling, exposure and product demonstrations. Retailer usually does not work with hundreds of these activities offered by the manufacturer. Based on this fact the manufacturer reacts by improving materials, more interesting events or ensuring the installation. All this might lead to realization of the activity support the sales. Most of these events are from the retailers charged (Kotler 2012).

### **Measuring of effectiveness POS Materials**

The evaluation of effectiveness of POS materials is currently a very important activity. Effectiveness is measured in order to know, what communication tools bring. The measurement is done to know, which of the communication tool works as the best. Measuring is divided into 2 types, which can be seen in the Figure 12, and is depending on data gathered. Soft data is gained from interviews with customers, sales assistant or observations.

**Figure 12: Measuring of effectiveness POS Materials**



Source: Boček, 2009

Measurements of effectiveness by comparing the “hard data”, which are sold out data of the chosen retailer, or wholesaler (Boček, 2009). Sellout data is scanned data from cashiers, where a measurement is applied. The sellout data can be collected by using physical evidence of sold products (MILES Jack, 2014). “Soft data” are evaluated by number of customers who went into the testing zone, customers who stopped by the POP material and customers who purchased the product. The results are then showed together with gross and net impact. There are used customer’s evaluating time spending by the POP materials. These In-store measurements offer several agencies focused on marketing research. It is necessary to do the pilot tests. The test is applied at one store where is installed the POS material, and then is chosen another one, where the POS material is not (Boček, 2009).

Additional method include the eye tracking method when someone has glasses that can be perceived movements; direction and intensity and Multitrack method evaluates thanks camera installed in the store (Boček, 2009).

ROI (The return on investment) is calculated as net income obtained from the sales of products, goods, service, and interest. The Costs of investments are costs, which were in the given unit invested, or in case the case of this diploma thesis into sales support. The formula is (INVESTOPEDIA. LLC, 2016)

**Figure 13: Formula ROI**

$$\text{ROI} = \frac{\text{Gain from Investments} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

Source: Investopedia LLC, 2016

## 4. Practical part

Practical is focused on implementing marketing mix on the market-oriented company, Reckitt Benckiser. Firstly Reckitt Benckiser is introduced, its vision and brands. For implementation and analyzes of marketing mix was chosen the brand Scholl. The brand Scholl will be introduced, positioned in its market, its products and competitors. Its pricing strategy will be described and also its distribution (place). More detailed attention is paid to communication mix, which is described as advertising (Scholl TV advertisement, Scholl Facebook and Websites) Public Relations and Sales promotions (where are covered Scholl Placing on the shelf, developing Scholl POS Materials and detailed description of display execution). All the data used is from the internal data from the company Reckitt Benckiser, or cit. from the internet. All the data used are from the internal data from the company Reckitt Benckiser, or cit. from the internet.

### 4.1. Company's characteristics Reckitt Benckiser

Reckitt Benckiser (RB) is the market - oriented company, which was chosen for implementing marketing mix for the brand Scholl. It is a global leader in the production of products for household, personal care products and nonprescription medicine. The logo of the company Reckitt Benckiser is shown on the Picture 1. This company belongs to the British consumer goods group and to the biggest corporate companies, which are selling the fast consumer goods. Their competitors are Henkel, P&G, Unilever and etc. The company was established 200 years ago and currently has over 65 offices worldwide, 41 factories, and its products are sold in nearly 200 countries around the world. RB employs nearly 36.000 people and its net income in 2012 exceeded the limit of 9.6 billion pounds.

**Picture 1: Logo Reckitt Benckiser**



Source: Internal data RB

Since its establishment, Reckitt Benckiser has not promoted its own name, but pays more attention to its brands. Globally, it is possible to buy hundreds of brands, where the manufacturer or distributor is Reckitt Benckiser. But RB has the key brands, which are for the company so called "Power Brands" or brand of high growth potential. The current 19 and are shown in Picture 2. These brands represent more than 85 % of total revenue and must therefore receive maximum attention from marketing and financial investments and also technology. Czech and Slovak markets belong together with Slovenia, Croatia, and Hungary to the Central East Europe cluster, with is based in Hungary. Czech office consist of several departments: human resources, sales team, customer marketing team, customer team and finance, the head of the office is Sales Director for Czech and Slovak. Brand marketing logistics accounting is in Hungary.

**Picture 2: "Power brands"**



Source: Reckitt Benckiser, 2015

#### 4.1.1. Vision and brands

The vision of the company Reckitt Benckiser is a world where people live better and are healthier. Therefore, the purpose of the company is focused on innovative products and solutions that help consumers to be healthier and happier. The values of employees are the keys to the

culture. It is also the point, which drives them as a business. The 4 values of the company, which can be seen on the picture 3 are: achievement, entrepreneurship, partnership and ownership.

**Picture 3: Visions of RB**



Source: Reckitt Benckiser, 2015

As mentioned in the Appendix 1, the history of the company Reckitt Benckiser is very at the beginning of Czech and Slovak market began in 1991, when the company was founded as Benckiser ČSFR, Ltd. The companies also separated after the divide in 2000, after the merger with Reckitt&Colman, were established Reckitt Benckiser Czech Republic, Ltd. and Reckitt Benckiser Slovakia Ltd, they are currently operate. Globally, the Reckitt Benckiser divides its product to the groups: Health, Hygiene and Home. However, internally, the Czech and Slovak market operates and is divided into 3 divisions.

The largest of the three divisions belongs to Household. The brands observed are: Cillit Bang, Dettol, Durex, Scholl, Finish, Harpic, AirWick, Tiret, Veet and Vitroclen. Healthcare is a smaller division, which includes non-prescription medicine - brands: Gaviscon, MegaRed, Nurofen, Prosport, Strepsils and partly Durex, Scholl and Dettol. Laundry is a division, which was set up in 2014 with brands Lanza, Lovela, Woolite and Dosia.

As Picture 4 show us, that Reckitt Benckiser has also has many brands, which are in different markets called differently. The brand Sagrotan is used in Germany, Dettol in Czech Republic and Lysol in Mexico.

**Picture 4: Different brand, same product**



Source: Internal data RB

The brand Scholl, whose marketing is going to be evaluated belongs to the division of Household and Healthcare. This diploma thesis is focused on products, which belong to the household group.

## **4.2. Implementing marketing mix on the brand Scholl**

The research of this diploma thesis shows how marketing mix is applied in the practical used. It is necessary to say, that Scholl is one of the brand, which brings every year many new products, internal called new product development (NPD). There is no information when exactly the new product will be launched or how many of them will be launched. This diploma thesis is based on the Scholl portfolio, which was up to date in January 2015, when the data and information was collected. Marketing of brand Scholl focuses always on new items, so in the year 2015 focused on new Scholl Comfort range Velvet Smooth. In the implementing will be shown how the marketing department uses their portfolio. The implementation of the marketing mix on the brand Scholl was possible thanks to data provided by the company Reckitt Benckiser.



### 4.2.1. Brand Scholl and its products

Scholl brand is including to Reckitt Benckiser's portfolio from the year 2010. Scholl brand is a synonymous for quality products in the category of foot care. The long, rich and mostly successful history helped the brand to build up, thanks to the high quality of its products, which are today known by customers in more than seventy countries around the world. In the Czech Republic, the brand has performed since 1994. The entire history can be seen in the Appendix 2. The main claim is "Love every step", Scholl (Scholl, 2016).

Scholl is currently the most innovative and fastest growing brand in the portfolio of Reckitt Benckiser. In 2015, Scholl was one of the big "bets" of the company. So there was strong marketing and financial support of the brand. Therefore, the brand is the most supported brand in marketing point of view for the following reasons. Scholl used the widest range of marketing tools, which Reckitt Benckiser used and it is the ideal opportunity to implement the analysis of marketing mix.

The target group of Scholl is women and men 18-59 years old. In terms of Scholl Velvet Smooth range, there is a more specific target group men and women 30-45 years old.

Brand marketing finds a suitable product, for Czech and Slovak Republic, counts the costs and sets up a price, which will cover costs and generates profit. Usually the products are brought from abroad, where they were already launched.

Customers of Scholl are the people who are buying the Scholl products. They can be in the same time also consumers, who are using the product, or only givers. Scholl products belong to the foot care category, where the products are divided into 3 segments. Scholl products are used according to foot care category also divided into 3 segments: Aid, Comfort, and Care. Scholl products count in total 34 products by January 2015.

**Aid segment** is the smallest group of products and is shown on picture 5. Scholl Aid products represent an effective way to solve urgent problems such as blister, corn and warts.

**Picture 5: Scholl products - Aid segment**



Source: Internal data RB

**Comfort segment** guarantees the 100 % of Comfort for feet wherever they are. These products also help to combat problems such as weakened vault, pain and burning feet. To this segment belong the products like leather lining of the heel, heel gel protection, and gel half insoles for party shoes, comfortable insoles for help from heel and knee pain. The Comfort segment is on the picture 6. The market calls it Tired feet.

**Picture 6: Scholl products - Comfort segment**



Source: Internal data RB

**Care segment** keeps the feet in perfect condition. In the long term, they fight against the dry skin, loss of freshness or hardened skin. The product range includes complete care of your feet. Starting with the nail clip, scraper, rasp, planer and cream for hard callus. Another part of the range is sprays, which include antiperspirant spray on your feet, spray into the shoes, deodorant spray and foot odor powder for shoes and feet.

The range Velvet Smooth (VS) belongs to the segment Care as well to hard callus. The new range Velvet Smooth brings silk and perfect smooth feet. The **Velvet Smooth Hard Skin Remover** (VS Hard Skin Remover) is the electronic device, which gently removes with crystals hard skin from the feet and leaves the feet soft and gentle. In 2015 was launched blue color, and in July special pink package for DM drugstore and Tesco. Scholl has aftercare products from Velvet Smooth as well. Aftercare begins after use of the remover; **Velvet Smooth Bath for feet**

removes the last remnants of dry skin and thanks to its ingredients ensures the rights care for the feet. **Scholl Velvet Smooth Intensive Serum** is the first serum developed specifically for feet. Thanks to its ingredients has highly moisturizing effects. For everyday care, there 2 creams and Scholl **Velvet Smooth Moisturizing Cream** and **Scholl Velvet Smooth Night Mask**. Scholl Velvet Smooth offers 3 types of refills, which VS Refill 2x Extra Coarse, VS Refill Soft and Extra Coarse, VS Refill 2x Coarse, the range Velvet Smooth is on the picture 7. At the end of the year was launched the Christmas package, where is also the VS Hard Skin Remover together with 2 aftercare creams.

**Picture 7: Scholl products - Care range Velvet Smooth**



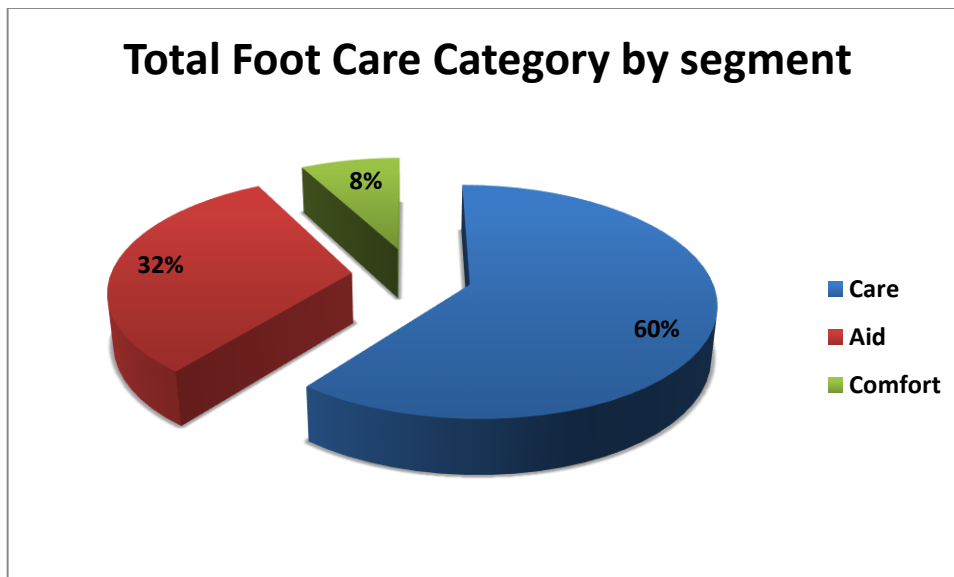
Source: Internal data RB, own process

## **Position in the market and competition**

The main segment in the view of total market is expressed in the Graph 1. Care segments represents 60 % of total Foot Care category. Total representation of the portfolio Scholl in this segment is 76 %, which is more than the value on the market. When we have a look in the total market, there are brands, which are competitors for Scholl. Mainly Canespro, which belongs to the product range Fungal nail. PL has all the range of products. Peo is focused on foot odor and

Lamisil on Fungal nail. Others: DM Balea, Kiwi, Neutrogena, Adidas, Dermacol, Sally Hansen, Essence, Alpa Pedik, Himalaya. The Aid segment is represented by 32 % share of foot care category. In the Aid segment has the brand Scholl only 3 products.

**Graph 1: Division Total Foot Care by segment, in %**



Source: Internal data RB; own process

#### 4.2.2. Price

The selling price for Scholl products is a combination of several factors. The main factors, which determine the price, are costs. Costs accumulate due to costs of developing products, packaging, storehouse fee, transport costs, distribution, and marketing communication costs. The company Reckitt Benckiser uses the method of Cost-based pricing, which was described by Kotler et al. (2012). Reckitt Benckiser also monitors prices of the competition. The company has an external team which leads into the field and collects prices of competing products. Other reports are also available from AC Nielsen.

Scholl brand is very well known thanks to marketing team, history and quality of the brand. Therefore, it is not direct oriented by the competition. The Hungarian marketing team

sent their recommended product price and promo price. Then there is the task of key accounts, to calculate margins and provide the price list to retailers. For larger customers such as Tesco and Ahold, there is an annual contract and conditions, where the margins are already stated. Negotiations with these customers tend to be long. The recommended selling price should keep all customers to avoid undercutting prices in the market. The company reacts on the basis of demand. If the products are not selling well or do not meet goals, they reexamine price and frequency of promotions.

As Kotler et al. (2012) in the Principles of marketing stated, there is a way to convince customers about the product and let them pay a higher price for the quality. This is an ideal example of Scholl.

Kotler (2001) mentioned the problem of companies in regards to dumping. Scholl faces dumping, the company spends significant time and energy trying to avoid. The products, Velvet Smooth Hard Skin Remover are sold on the Internet for a lower price than the company sells in Czech Republic.

The pricing strategy of the company is on a high level. As they launch very often new products, they support the new items. When some of them are not sold out, they are replaced.

### **4.2.3. Place – Distribution**

Scholl products belong to the group of consumer goods. The company Reckitt Benckiser wants to maximize the distribution of all products, which means that the products are supposed to be available for customer in as many stores as possible. But the strategy of the brand Scholl products is little bit different. Scholl products are not impulse products. Customers mostly plan their purchase. It is very important to cover the distribution in drugstores, where mostly women buy cosmetics. Key Accounts receive the guide from marketing department in Hungary, in which channel the products might be launched.

Jakubíková (2008) and Kotler et al. (2012) mentioned the Indirect type of distribution, which is the involvement of one or more intermediary levels. This type of distribution is used

by retailers in the Reckitt Benckiser company. Even for the e-commerce partners, RB has a distributor and it is included in the Traditional Trade channel. Table 2 shows that there are 6 types of channels. Hypermarkets and Supermarkets include Tesco, Albert (Ahold), Globus, where the Scholl products are distributed. This type also includes Billa, but there are not Scholl products listed. The main discounter, Kaufland, belongs to a group with Penny Market and Lidl. These stores do not sell Scholl products. Hypermarkets, supermarkets and discounters create Modern trade. Traditional trade represent PK Solvent, where are counted mainly Teta drugstores, smaller stores and distributors, which sell the products to e-commerce websites and other intermediaries. Among the major intermediaries belong retailers, but there are used also distributors who sell goods mainly to small local shops and to online stores like mall.cz.

**Table 1: Division of channels by retailers**

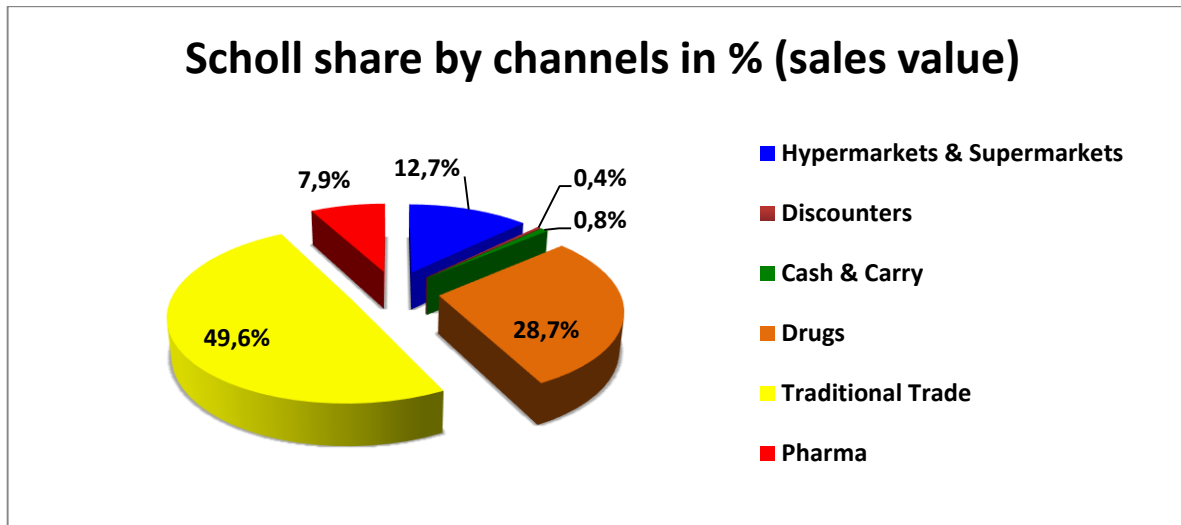
<b>Division of channels</b>			
<b>Channel</b>	<b>Retailer</b>		
<b>Hypermarkets &amp; Supermarkets</b>	Tesco	Ahold	Globus
<b>Discounters</b>	Kaufland		
<b>Cash &amp; Carry</b>	Makro		
<b>Drugstores</b>	DM drugstore	Rossmann	
<b>Traditional trade</b>	PK Solvent	Distributors	
<b>Pharma</b>	Distributors		

Source: Internal data RB; own process

In 2014, the main warehouse was relocated from Brno to Hungary. This warehouse is used to deliver Scholl products for Czech and Slovak markets. After the retailer orders goods, they are delivered within 2 working days.

Graph 2 demonstrates the point of view of product distribution channels. Traditional trade generates the largest share, 49.6 % of the value of brand Scholl. The next distribution channels are drugstores with a share of 28.7 %. Discounters and Cash & Carry generate the smallest category value. Together they generate only 1.2 % of the value of the brand Scholl.

**Graph 2: Scholl share by channels in % (sales value)**



Source: Internal data RB; own process

#### **4.2.4. Promotion – Communication mix**

Reckitt Benckiser has a promotion divided according to ATL (Above the line) and BTL (Below the line) models. There are 2 departments for these activities. Brand marketing department is the one, which has the task to do the activities “Above the line” and Public Relations. Brand Marketing for Czech and Slovak market is based in Hungary. The activities “Below the line” – Sales support realizes customer marketing department, which belongs to a local office in Czech Republic. This chapter is going to be characterised by the communication mix of the brand Scholl in the year 2015 and the research of hostess promotion.

The main aim of the communication mix of the brand Scholl is to build the brand awareness, enhance brand image and increase the sales of products Scholl. The internal research of the company says, that the majority of purchases are planned in advanced. There are percentages of spontaneous purchases and therefore, the brand Scholl tries to reach these customers via television by using TV advertisements, or in the point of purchase in the store.

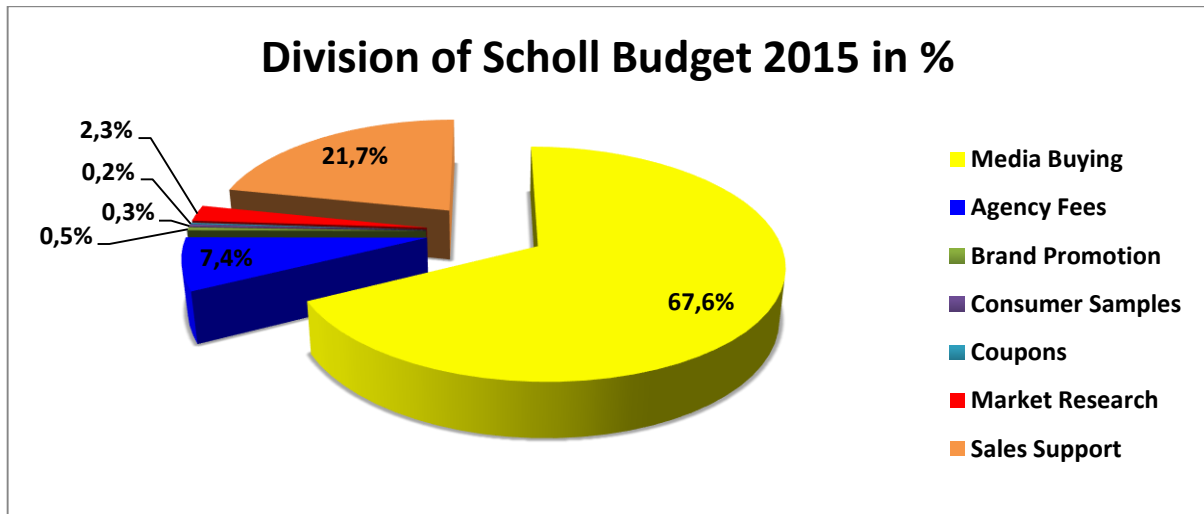
The analysis of communication mix found that Direct Marketing is not included in the communication strategy of the company RB. The company does not own any online databases and does not send any newsletters. They do not send any sales catalogue and or conduct telemarketing. It has therefore been decided to not include Direct Marketing into the practical part of this diploma thesis.

In case of Personal selling, Reckitt Benckiser has a sales team in the office for Czech and Slovak market (Key Accounts Managers) and 2 field teams, separately for Czech and Slovak market (Sales Representatives). The Key Accounts are divided according to Modern and Traditional Trade and then according to retailers. Key Accounts represent the company by the retailer, present the selling strategy, suggest promotion and coordinate business conditions.

Graph 3 shows the allocation of marketing budget of the brand Scholl. The main cost is called Media Buying and represents 67.7 % from the entire budget. Appendix 3 shows more detail in the division from costs of budget. Sales support is the second largest cost group and represents 21.7% These costs represent 21.7 % and include: producing displays, point of sales materials and prepacked displays (displays, which are packed by products in the warehouse and then directly sent to retailer). The budget for sales support is given to customer marketing department and the managers manage it.



**Graph 3: Division of Scholl Marketing budget 2015**



Source: Internal data RB; own process

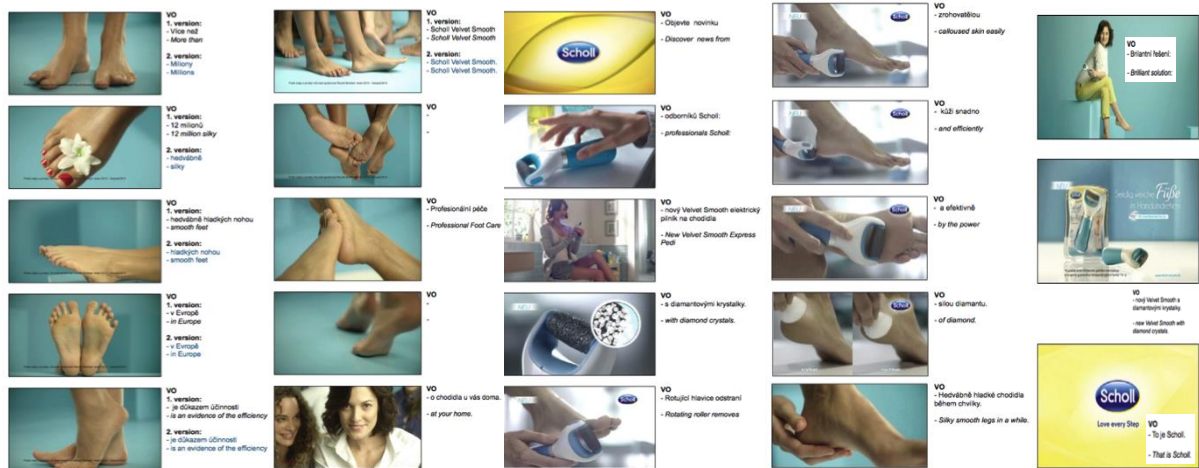
The company Reckitt Benckiser uses push strategy to persuade the retailer and wholesalers to promote the product to final consumers. Online shops uses direct marketing, sending the e-mails with offers. Personal selling belongs to push strategy as well. It is used mainly in smaller traditional stores, where the shop assistant offers a new product. As the pull strategy uses the company mainly advertising and sales promotions to persuade the final consumers buy the products.

#### **4.2.4.1. Advertising**

The new product usually needs a larger advertising to show the product to customers which builds the awareness of the brand. Marketing in Hungary, for the entire market of Central East Europe, specifies the advertising strategy of the brand Scholl. TV advertising is the main part of the Scholl budget and is taken over from UK. During developing a TV advertisement, the creators paint or do graphic storyboard. Then is necessary to own storyboard, where views and text are shown, which will be said at that moment in local language. There is a need of voice over for the spot and for this activity is completed by customer marketing because of language barrier of Hungarian marketers. Storyboard of Scholl VS Hard Skin Remover is shown in the

picture 8. It helps the marketing team by retailers, so they can see there is a new TV advertisement planned.

### Picture 8: Storyboard Scholl



Source: Internal data RB, own process

The new range, Velvet Smooth, was launched in early 2015. Advertisements are focused only at communication of new product and their benefits. In 2015, the TV advertisements were aimed at the new product Velvet Smooth Hard Skin Remover and in 3 cases also mentioned the logo of retailers. It is an exclusive deal for retailers; they can be mentioned in the TV advertisement as a tagon. Table 2 demonstrates the annual TV plan 2015 per weeks. In total, there were 6 versions of TV advertisement with different length. It is always the same advertisement, only with the logo of DM drugstore or Teta drugstore, shorter version, or added a package. According to the target group, in the case of Scholl it means women and men between 30 and 45 years is prepared the Annual TV plan. Of course on the basis of the age of customer, channels are set up in which TV advertisements are broadcasted. The strength of the ad depends on the TRPs. Advertisement's annual plan is reflecting in the product launches, which strengthens seasonal promotions. After their launch in February, the TRPs were highest when the advertisement is strongest from the whole year. Another stronger promotions are during Easter and back to school time. Scholl uses the continue strategy of promoting on TV, they are repeating in whole year.

**Table 2: Annual TV plan 2015**

Annual TV plan - 2015		JAN				FEB				MAR				APR				MAY				JUN									
		5	7	7	7	6	1	7	7	7	6	1	7	7	7	2	5	7	7	7	4		3	7	7	7	7	7	7	2	
		29	36	43	50	57	2	9	16	23	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22	29			
copy	length	w1	w2	w3	w4	w5	w6	w7	w8	w9	w10	w11	w12	w13	w14	w14	w15	w16	w17	w18	w18	w19	w20	w21	w22	w23	w24	w25	w26	w27	
VS Hard Skin Remover	30s								400	200			300	200								233	126	80							
VS Hard Skin Remover TETA logo	30s																														
VS Hard Skin Remover DM logo	30s																														
VS Hard Skin Remover	20s																														
VS Hard Skin Remover Christmas pack	15s																														
VS Hard Skin Remover Christmas pack DM logo	25s																														
total TRPs		0				600				500				359				280				258									
Annual TV plan - 2015		JUL				AUG				SEP				OCT				NOV				DEC									
		5	7	7	7	5	2	7	7	7	1	6	7	7	3	4	7	7	7	6	1	7	7	7	1	6	7	7	7		
		6	13	20	27	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	7	14	21	28				
copy	length	w27	w28	w29	w30	w31	w31	w32	w33	w34	w35	w36	w37	w38	w39	w40	w41	w42	w43	w44	w44	w45	w46	w47	w48	w49	w49	w50	w51	w52	w53
VS Hard Skin Remover	30s																														
VS Hard Skin Remover TETA logo	30s																														
VS Hard Skin Remover DM logo	30s																														
VS Hard Skin Remover	20s	54	93	93			38	132	124	124			154	154	154																
VS Hard Skin Remover Christmas pack	15s																														
VS Hard Skin Remover Christmas pack DM logo	25s																														
total TRPs		239				417				462				0				0				759									

Source: Internal data RB

Social media giant, **Facebook**, started in 2004 (Philips, 2007) and is used by over 1 billion people worldwide. The target group of Scholl are women and men from 18 till 59 years, the target group could be matched there. The website has only 467 likes and no posts. The Facebook social site of Scholl contains one photo of new product in 2016 and logo of Scholl. Brand managers usually receive proposals from media agencies on what will be posted. Then they get reports on monthly basis, where they evaluate the monthly new likes, and comments compared to the same month in last year or previous years. Also they check, from where are the people, who liked the website (Czech/Slovak).

Picture 9: Scholl Facebook page



Facebook, 2016

The website of the brand Scholl is possible found at [www.scholl.cz](http://www.scholl.cz). The website is very attractive, seems modern and is the print screen from the welcome page is attached as Appendix 4. The aim of the webpage is to share the news of the brand and further interesting information and advice. Seeing the websites of the countries Slovakia, Slovenia, Croatia and Hungary were found, that they are adapted according to Hungarian websites. The websites of United Kingdom, Germany and Austria, Australia were also viewed and the style of the website is same. So there is a global standards Scholl websites. Scholl.cz is written by style of letters, which is not suitable for Czech language and the accents are in bold. The brand Scholl uses the advertisement on YouTube and Google Domain Network, but only in summer.

#### 4.2.4.1. Public Relations

The brand Scholl organizes meetings for journalists and major retailers annually. Meetings are held by the occasion of launch new products. Journalists can see the new Scholl products. In 2015, this meeting was devoted to the new series Scholl Velvet Smooth.

Public Relations provide the extend knowledge about brand and products in wide range of people. Increase brand awareness, confidence and goodwill of products. In PR communication there is focus on clear facts: the premium quality. Timing of PR campaign: Spring and Summer 2015. Target groups are women and men 18-59 years old, readers of lifestyle articles. Aim: compilation of client's products, show women that care about legs could by easy and results could be perfect. The Media includes selection of special lifestyle magazines, GLANC (women 24 - 49 years) and on-line [www.iglanc.cz](http://www.iglanc.cz), ONA Dnes, also [www.ona.idnes.cz](http://www.ona.idnes.cz), and [zeny.iprima.cz](http://zeny.iprima.cz). Online magazine Bety.cz wants to reach active and modern women, aged 25 to 40 years with a family background (Bety, 2016). This magazine placed an article about preparing your body for summer (10 tips how to be attractive in summer), it can be shown in the Appendix 5 (Lightblue, 2008)

#### **4.2.4.2. Sale promotion**

Sales promotion is called in Reckitt Benckiser sales support and it is a very important part of communication mix of the brand Scholl right behind advertising. 21 % of marketing budget is spent in this part of communication mix, which is the In-store execution. This chapter will describe the sales support of the brand Scholl in practical use. To think global, but act local is the motto of customer marketing and prepares by retailers POS Materials.

Scholl mainly uses displays, mechanics, gifts, hostess promotion and other POS Materials. A very important part of sales support is Scholl's policy placement on the shelf. Scholl is trying to obtain the greatest part of the shelf for their products and develop strategies how to place products to the best-selling zone: eye zone. There is the same goal of the brand and retailer to sell as many products as possible therefor company Reckitt Benckiser cooperates in case of planograms with retailers and develop recommendation, how to adjust the products and sort them on the shelf.

Every format of the store (size of the store) has its own planogram. It depends what products are listed in the store and how the shelf looks. Scholl products are adjusted according to horizontal view (Comfort, Care, Aid). The Picture 10 shows the recommendation, how the

planogram is supposed to look in smaller stores. There are 19 products, which are dedicated as the most important for smaller stores and it is necessary to list them firstly. After the based 19 products, it is possible to list other products. The general recommendation of planogram for bigger stores is shown in Picture 11. There are in total 21 Scholl products. These recommendation takes into consideration customer marketing team and implements it in the retailers. Of course in total there are 33 products, but then it depend on local marketing how they apply it according to general Scholl rules.

**Picture 10: Recommendation of placing Scholl products, smaller stores**



Source: Internal data RB, own process

**Picture 11: General recommendation placing products (smaller stores)**



Source: Internal data RB, own process

Brand marketing to sends the English version of key visuals and customer marketing manager is responsible with the agency for translation and to Czech. Sometimes, it is necessary to remove a product, which is not listed in Czech Republic, or the communication is too long.

Picture 12 there you can see the Scholl key visual (English and Czech versions), which is then implemented on all types of POS communication.

**Picture 12: Key visuals Scholl English / Czech**



Source: Internal data RB

Scholl, like most brands of Reckitt Benckiser, uses the main POS communication material - displays. It is a suitable type of communication because it is possible to communicate novelty on the display sites, but also can boost sales. In terms of marketing and sales departments, it is a very popular type of POS communication. Reckitt Benckiser displays ordering two times a year, in waves. Marketing suggests a configuration according listed products on retailer. Key account managers do the estimation of display's amount according to the amount of planned promotions. If the amount shows as poorly estimated then more displays are produced (when larger amount is missing), or tries to offer the rest of displays to other customers. In the Picture 13 is shown the whole set of POP materials, which were produced in the first half of 2015 and were sent to the customer. All POS materials are produced only for the modern trade. Displays are divided according to width 40 cm x 40 cm or 60 cm x 40 cm, they fill the quarter palette. Because of a high volume, displays are divided into only Scholl displays or mix with Veet. For some retailers are the displays used prepacked, which means they are packed already in the warehouse and send to the retailer. Or they are transported without products and filled in the stores. Then there is a risk, if the timing of ordering products will fit and the display will not stay empty.



Picture 13: Scholl POP Materials



	120mm X 120mm		60cm X 40cm		40cm X 40cm		40cm X 40cm	
	Wobbler	Holder	Display Scholl / Veet	Display Scholl / Veet	Barketa	Display Scholl		
<b>Ahold</b>	0	0	0	90	0	71		
<b>Tesco CZ</b>	0	0	0	70	92	0		
<b>Makro</b>	0	0	0	0	0	26		
<b>Rossmann</b>	120	120	0	120	120	0		
<b>DM CZ</b>	150	0	0	0	0	0		
<b>Bila CZ</b>	0	0	0	0	0	0		
<b>Saes Rep.</b>	0	0	0	60	0	0		
<b>Globus</b>	0	0	15	0	0	0		
<b>Total</b>	<b>270</b>	<b>120</b>	<b>15</b>	<b>340</b>	<b>212</b>	<b>97</b>		

Source: Own research

Recommended configuration of the Scholl and Scholl/Veet display, as already mentioned is by sent from brand managers. These configurations are depicted in Picture 14. In the best visual field, the first three shelves are piled with the Care range Scholl Velvet Smooth and then are followed by other products. Everything always depends on the customer's listing. The customer marketing then prepares Excel sheets with configuration for transport on a pallet. The packer packs the displays according to the planogram given by customer marketing and leave to deliver the displays on a given date to the retailers. Ideal placement of displays is next to shoes; drug department and sun care products. These positions are agreed by key accounts managers.



**Picture 14: Configuration of displays Scholl/Veet and Scholl**



Source: Internal data RB; own process

Another sales support, which is using Scholl, is the educational page in magazine. In Appendix 6 there are shown 2 graphic of educational page for magazines. Very interesting for customers is a present for free when they buy from Reckitt Benckiser's brands for more then 299CZK. The leaflet and communication is in Appendix 7.

### **Research of the hostess promotion**

Marketing communication is based on being seen. Hostess promotion is one of the most famous types of communication, but also very money-demanding. Companies usually do not have their own hostesses so they use agencies to organize the promotion days. Reckitt Benckiser does not employee any hostess so they use the agency as well. The brand Scholl has broaden its portfolio in 2015 therefore it was necessary to be seen not just in the television but also in stores and present the new range Velvet Smooth. The promotion was called internal Scholl – Hard selling. The evaluation was prepared based on amount of contacts, sold Scholl products.

Investment, which were in this promotion invested are calculated and in percentage, assigned to retailer.

The priority of hostess promotion for Scholl was to introduce a new product Scholl Velvet Smooth Hard Skin Remover to the customers and sell it to them. The goal of the promotion was to motivate customers to buy Scholl Velvet Smooth products via presentation, demonstration and discount. The Basic information about the Hostess promotion is given in the Table 3. Hostesses built the promotion tables, where exhibited the whole range of Scholl Velvet Smooth. They also provided Promotional leaflet A6 with education about the range Scholl Velvet Smooth range. This leaflet is showed in the Appendix 8.

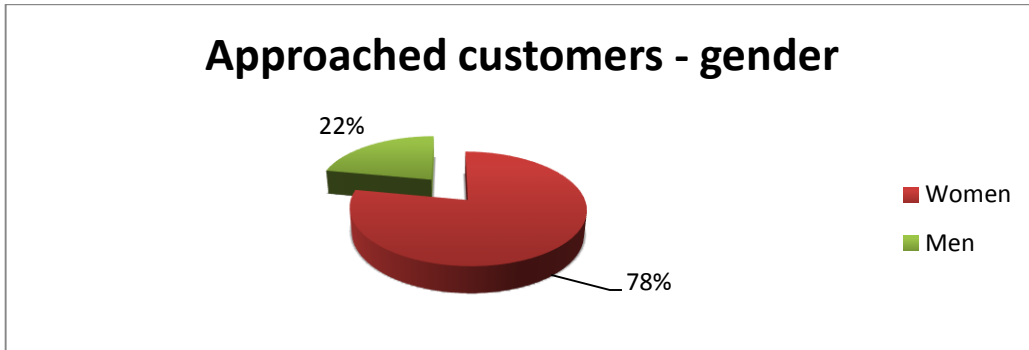
**Table 3: Hostess promotion - Basic information**

Hostess promotion - Basic information	
Dates of realization:	22 <sup>nd</sup> May – 11 <sup>th</sup> July 2015
Localization:	Czech Republic
Place of realization:	Globus, Albert, Tesco, Rossmann, DM
Number of hostess teams:	15
Number of members in a team:	1 hostess
Mechanics:	Globus, Albert, Tesco – hostess with a promotion table Rossmann - Hostess without promotion table
Target group:	Women and men 30 – 45 years

Source: Internal data, RB; own process

The hostess built the Scholl promotion table and placed it into drugs department in the narrow street. In case of Rossmann there was no promotion table then the hostess was standing around the Foot care department and showed in hand the Scholl VS Hard Skin Remover and whole portfolio in the shelf. They were supposed to show the benefits of new Scholl Velvet Smooth Hard Skin Remover, refills and whole Velvet Smooth line. Hostesses were handing out promotion materials in form of leaflets in the format A6 with the Velvet Smooth range and information about usage. The retailers that were chosen were decided on the basis of sales volume and manager’s experience. A total of five retailers were examined: Tesco, Ahold, Globus, DM drugstore, Rossmann. In Graph 4 shows the approached customer by gender. The hostesses approached more women than men or there were more women concentrated in the shops than men.

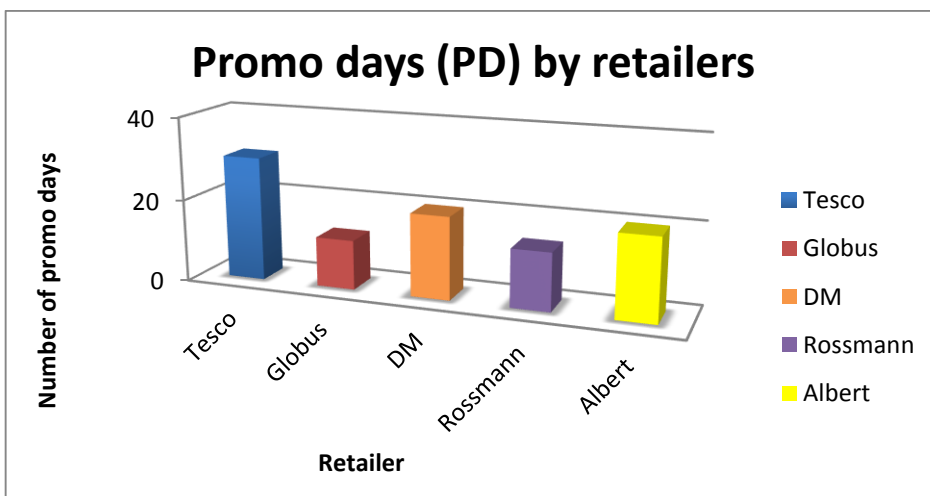
**Graph 4: Approached customers - gender**



Source: Own research

Hostess promotion is counted by promo days (PD). This promo day takes 6.5 hours. Graph 5 shows that the most promo days took place on the biggest retailer Tesco, on the 15 most important stores. 10 selected stores were chosen in Albert and also in DM drugstore. In order to arrange the hostess promotion the plan had to be presented to management of retailer and in case of Globus it was allowed to realize the promotion only in four stores. The promotion was held in almost all stores 2 promo days (Friday, Saturday). DM drugstore had 2 days, but it depended on the location, which day was the promotion: (Friday-Saturday), or (Saturday, Sunday). In case of Globus (4 stores) the promotion was held 3 promo days (Friday-Sunday), because in another 2 stores of Globus could not held the promotion.

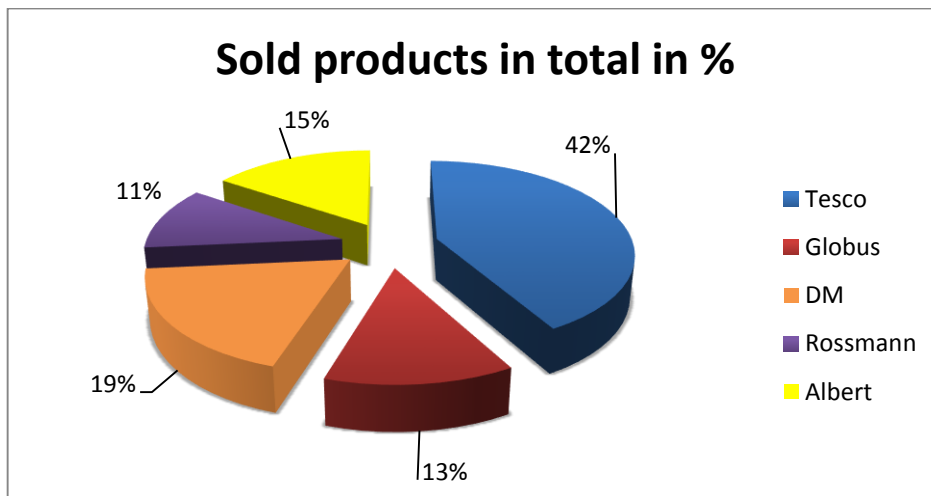
**Graph 5: Promo days (PD) by retailers**



Source: Own research

In the graph 6, there can be seen in total there were sold 41 % of products in the store Tesco, where they allocated most of the promo days 20. The fewest promotion were held in Rossmann and there was also sold 11 % of total products. This is also reflected by the number of promo days in the store. In the Chapter Research Outcomes will be shown more detailed analysis of sold products per promo day.

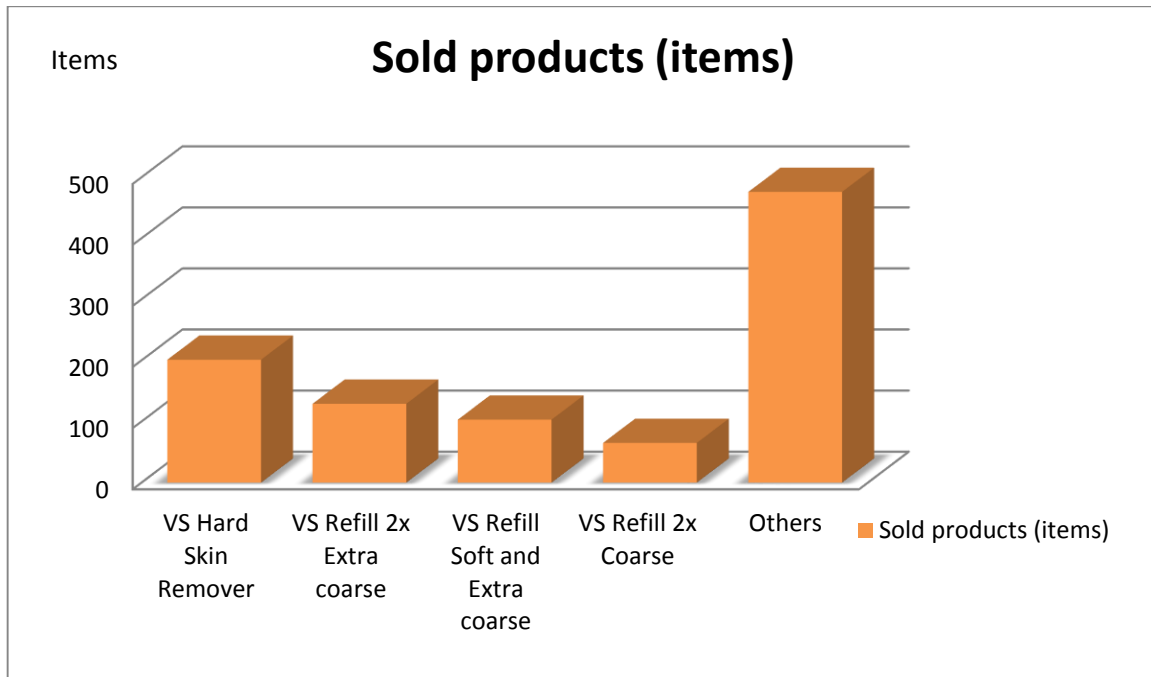
**Graph 6: Sold products in total in %**



Source: Own research

The most sold product was Velvet Smooth Hard Skin Remover, 201 pieces (items). Right on this product was the promotion targeted. In case of refills, the most sold products is Refill Extra coarse. It is likely that people who buy the Velvet Smooth Hard Skin Remover they have rougher skin and therefore need a coarser refill.

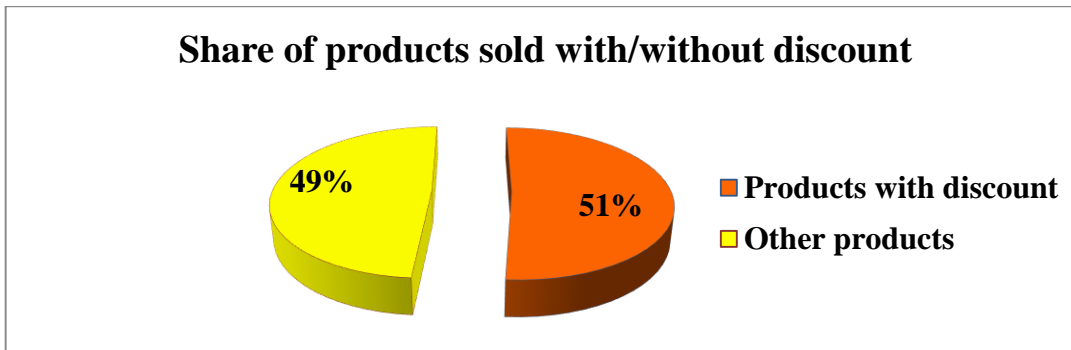
**Graph 7: Sold products (items) per whole promotion**



Source: Own research

During this promotion, in the stores were products with discount, the Velvet Smooth Hard Skin Remover and 3 kinds of refills, which were sold in 51 % as it is demonstrated in the Graph 8. Of course the hostesses recommended the aftercare Velvet Smooth line or the standard Scholl products (called Other products), which were not sold with discounts and that made 49 %. The hostess promotion is very demanding in terms of organization and also budget. Customer marketing team was the project coordinator, prepared a plan of execution, timing and together with key account managers presented proposal by the retailers. Then was necessary to train the hostesses and order material. Very important was to check the distribution and try to ensure the products in the stores.

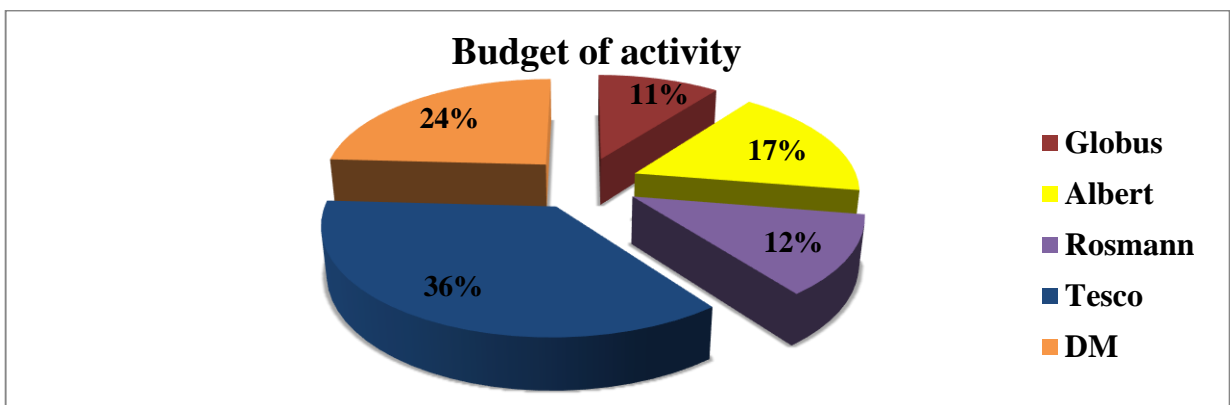
**Graph 8: Share of products sold with/without discount**



Source: Own research

The realization team, hostesses paid by the hour, supervision, regional manager, account manager who provides coordination, reporting, transport costs in realization, logistics and transport processing, training, production and special costs, which include renting a promotion space on Tesco and Ahold retailers, material for demonstration and leaflets. Graph 9 shows the overall recalculation of costs divided by customers. Reckitt Benckiser assigns all costs to the retailer where the execution was held. Brand Scholl does hostess promotion mainly because of brand awareness and does not calculate Return on Investments.

**Graph 9: Budget of activity**



Source: Own research

Every hostess promotion has to be documented by the photos from execution. In the Picture 15, there is a collage of photos from the promotion. This photo indicates the hostess promotion was executed in a very nice manner. Hostesses had a very chic clothes and the promotion table was not be possible to miss in the store.

**Picture 15: Photo documentation from hostess promotion**



Source: Internal data RB

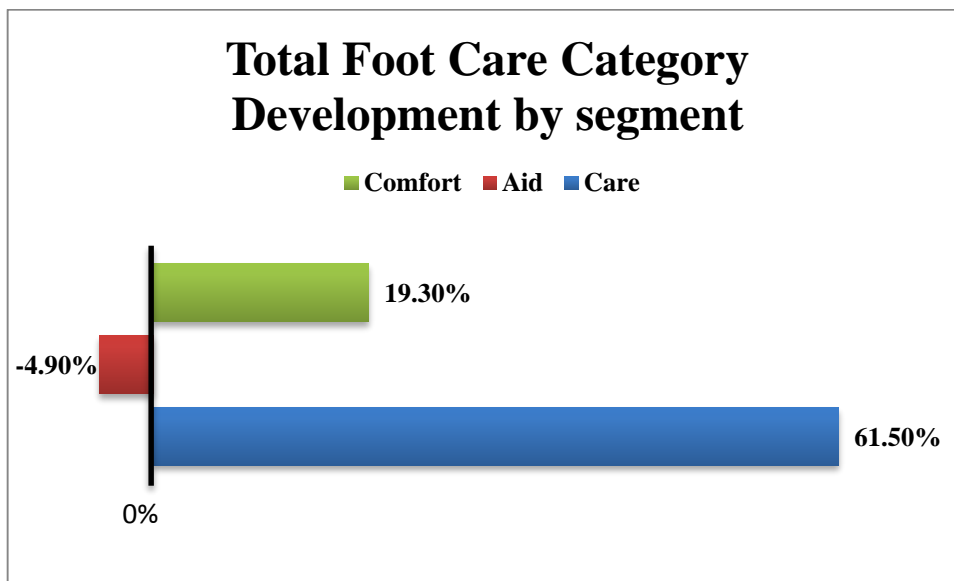
## 5. Research outcomes

This chapter will show the outcomes from the research, divided into 3 parts. The first part displays the outcomes from the marketing mix: product, price and place applied on the brand Scholl. The second, is focused largely on promotion and communication mix of Scholl. The third part of the research outcome is the evaluation of applying the marketing mix in retailer DM drugstore. The evaluation was done on the basis of the whole Scholl marketing mix. All the data used are from the internal data from the company Reckitt Benckiser, or cit. from the Internet.

## 5.1. Product, price, place

**Product:** The strategy of having many products in portfolio and support the new items is the strategy of Scholl marketing. When Scholl finds a gap or opportunity at the global market, new products are developed. Graph 10 shows that the Foot care category, Scholl displays growth in the segment Comfort and Care. The care segment grows by 61.5 %, which is driven by the new Scholl Velvet Smooth range. The aid segment decreased by 4.9 %. It is influenced by the bad weather conditions, so people did not have many problems to solve. From this segment Scholl has only 3 so it is not such an important fact for them. The potential has the Comfort Care, which also grew up by 19.3 % and Scholl has only 5 items.

**Graph 10: Total Foot Care Category Development (2014-2015) by segment**

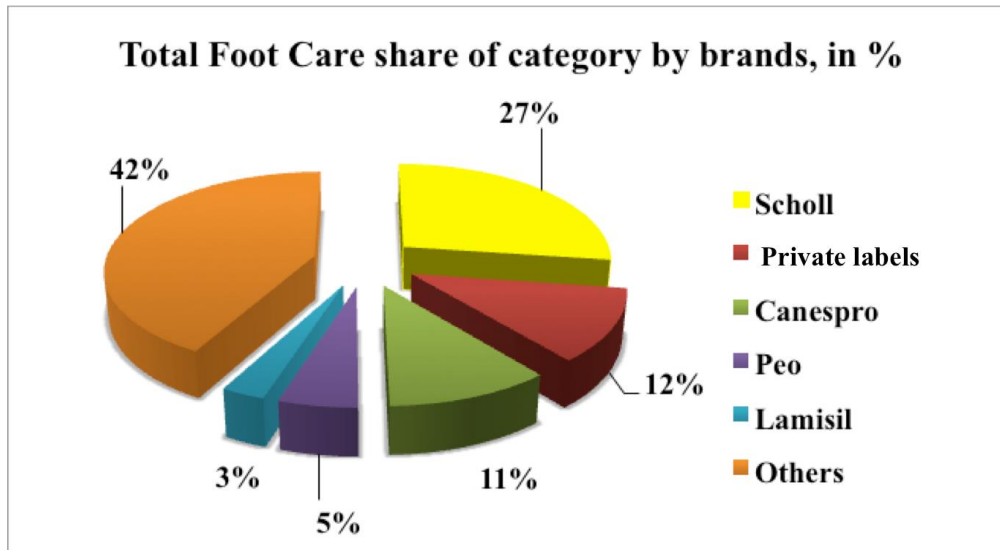


Source: Internal data RB; own process

Scholl does not have any big competitor. The graph 11 shows that in 2015 Scholl has 27 % share from whole market it is a very high % and for sure satisfies Scholl marketing. Scholl is presented in all segments, with large portfolio and bring very often new products. In segment Care, Scholl controls 16 % shares, more than to the Care segment belongs in whole market. Very potential is Aid segment, where Scholl has only 3 products and the total share of this segment is 20 %. has and there is space for growing.



**Graph 11: Total Foot Care share of category by brands in % (2015)**



Source: Internal data, RB; own process

**Price:** The strategy of Reckitt Benckiser is to not to promote and let people pay for the brand and quality. Brand Scholl provides premium products and keeps premium pricing. Scholl does not have many competitors. When Scholl provides a discount, it is for the base line from care segment (not new items) and make the traffic in the Foot Care category. They can use this type of strategy and are successful, because the customers are not price sensitive. The strategy is to not promote, rather invest to marketing is very courageous, especially when Czech people are used to buy goods in promotions.

**Place** – During the analysis of distribution channels was found out, that Reckitt Benckiser does not have any direct distribution to customers. Of course usually the large companies do not have them, but in case of huge online shops it is an opportunity. Right now RB sells the products to distributors he sells it to e-commerce website and then they sell it.

## 5.2. Promotion – Communication mix of Scholl

It was found out, that Direct Marketing is not included in the communication strategy of the company RB. The company does not own any online database and does not send any newsletters, which is a shame, because in current market situation newsletters are very popular and influence decisions of customers. An analysis was done of possible tools of targeting customers via online newsletters or by postal. It was discovered the Tesco offers via database Dunnhumby targeting the customers who use Tesco Club Card. There is a wide range of targeting groups of customers. The Tesco Club Card customers can be contacted via newsletters or postal including PR story or coupons.

**TV advertisement:** It is obvious; that the brand Scholl is mainly focused on TV advertising is visible in the data. 67.6 % of costs are accounted for Media Buying. Table 4, shows where is the analysis of Scholl Media Buying budget. 63.3 % is more than 93 % of Media Buying budget belongs to Media on Air (TV advertising). 1.2% is the share of budget invested into Social Web Pages and 2.5 % into Online Communication. Overall, the TV Advertisement is the most expensive part, which has long-term effects, making it difficult to measure. It would be possible to do controlled experiments, studies on the situation before and after the advertisement broadcasted. Scholl gets the advertisement globally, so it is used in many countries. It brings advantages such as lower advertising costs, and brand awareness.

It does not correspond with the statement of Kotler et al. (2012) that famous products require lower budget. Scholl is the only brand in the foot care category, which uses television advertising as a form of promotion.

**Table 4: Analysis of Scholl marketing budget - Media Buying**

Analysis of Scholl marketing budget - Media Buying	
Media On-Air TV	63.6%
PPC (Pay per click), search words, lock up payment	0.4%
Social Web Pages (Social Media)	1.2%
Banners & Online Sponsorship	2.5%
Total	67.6%

Source: Internal data RB; own process

The other part of analysis is the analysis of sales support budget that is shown in the Table 5. It is interesting to see, that more than 18 % of costs belong to the Secondary placements are displays. Out of that, 10 % are costs of the prepacked displays. It makes sense, that the major part is put into displays, because it is a tool, which is also selling and bringing revenues. From all displays is calculated P&L (Profit and Loss) so the displays are worthy.

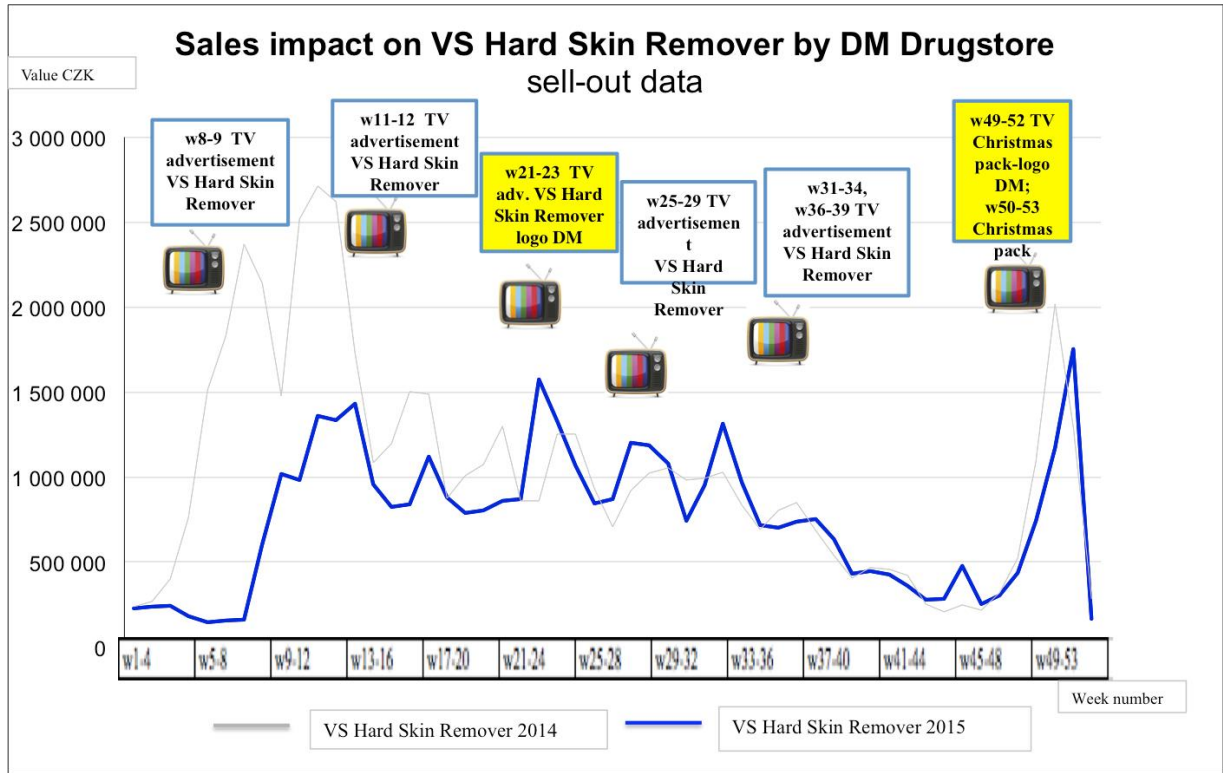
**Table 5: Analysis of Scholl marketing budget – Sales Support**

<b>Analysis of Scholl marketing budget - Sales Support</b>	
Sales- POS Creation	1.5%
Temporary Stock Carrying (prepacked displays)	10.0%
Temporary Non-Stock Carrying (displays, POS Materials)	8.1%
Sales Demonstration and Promotion Personnel (hostess event)	1.8%
Trade Samples:	0.3%
<b>Total</b>	<b>21.7%</b>

Source: Internal data RB; own process

This diploma thesis conducted research and evaluated the effects of TV advertisement of Scholl by using sell out data from Scholl Hard Skin Remover from the year 2014 and 2015. The representative from retailers DM drugstore. Graph 12 makes it clear that the most successful periods are TV Advertisement with DM logo. However, the rest of advertisement versions are also driving positively the sell out in DM drugstore. This is clearly visible, via comparison the time, when there is no TV advertisement weeks 39 - 49 with weeks 27 - 38 (advertisement Scholl), the sell-out data is more than doubled. There are no information about the extent of advertising on air and its budget from the year 2014. The highest sales were done in Christmas but probably via the Christmas time. Logo of DM drugstore seems that works, but it is not possible to say. For better evaluation, it is necessary to do the controlled experiment for which this diploma thesis does not have tools and extension.

**Graph 12: Sales impact on VS Hard Skin Remover, by TV advertisement**



Source: Internal data RB; own process

**Facebook:** During the evaluation of social media, the author found that most of the RB’s brands do not have a Facebook page in Czech language except for Lovela, Durex, Scholl and Vanish. It can be seen from the Table 6, the most active Facebook page from the important RB’s brands is Lovela. There is post of stories about children or new products every other day, on average. The number of fans of Durex is distorted due to global Facebook page, which is implementing via location. Durex has posted upto 5 times per month, usually more at the end of month. Scholl is not active on Facebook at all. Scholl’s marketing budget for social media is very low. The last and only post by Scholl on Facebook was the publication of the December 22nd, 2015. There are 2 photos, which do not communicate products Scholl Velvet Smooth. 1<sup>st</sup> February 2016 the page has 468 likes.

**Table 6: Likes on Facebook**

Facebook	Likes	Last update	Czech language
Lovela	55 889	26.02.16	Yes
Durex	10 595 388	14.02.16	Yes
Scholl Czech Republic	468	22.12.15	Yes
Vanish	22 241	31.10.15	Yes
Cillit Bang	X	X	X
AirWick	X	X	X
Finish	X	X	X

Source: Facebook (1.2.2016); own results

The **Scholl website** is difficult to navigate. The publication is not a complete portfolio of brands. The news section contains products that have long been on the market and that are also outdated photos of products. The section: Why to buy Scholl? only contains the history of the company, which is poor compared to the advantages of the portfolio Scholl. There are also no contacts, where the products can be bought, or button from where would be the customer transferred to the retailer, ideally online website, like mall.cz, or alza.cz.

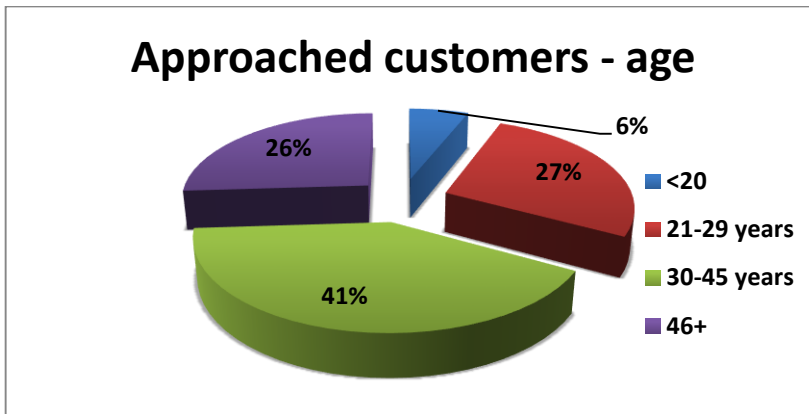
**Public Relation** is organized in Hungary and has very little knowledge about the popular webpages, magazines in Czech Republic. They use only one agency, which suggests websites do not consultate with Czech marketing office. The target groups for Scholl are women and men 18-59 years and Scholl Velvet Smooth range 30-45 years. The evaluation found out that the readers of online magazine Bety.cz are women, aged 25 to 40 years (Bety, 2016).

**Sales support** uses the brand Scholl mainly as POS communication materials are made only for the modern trade and drugstores. The highest amount of POS materials is produced 452 displays. Among them was the most display utilized mix Scholl and Veet size 40cm lengths x 40 cm width because of smaller stock in it. The size of display 60 cm x 40 cm is on Globus as the only communication material there. At Rossmann were installed Holders for Scholl VS Hard Skin Remover, mix displays of Scholl and Veet and “Barketa”, which is into the shelf and sets off new range Scholl Velvet Smooth. They don’t calculate the return on investments. The company selects POS materials, according to the utility and placement options for the customer. The company focuses on customers according to the needs of individual customers which can

be done from the material. In-store materials are designed with key visual branding. The evaluations are done on the basis of sell out data and compared with previous year.

**Hostess promotion:** In total, there were 19.800 contacts in 96 promo days. The customers approached were women from 78 %. The target group of Scholl was targeted from 41 %. In the Graph 13 is possible to see, that hostesses approached the targeted group in 41 %.

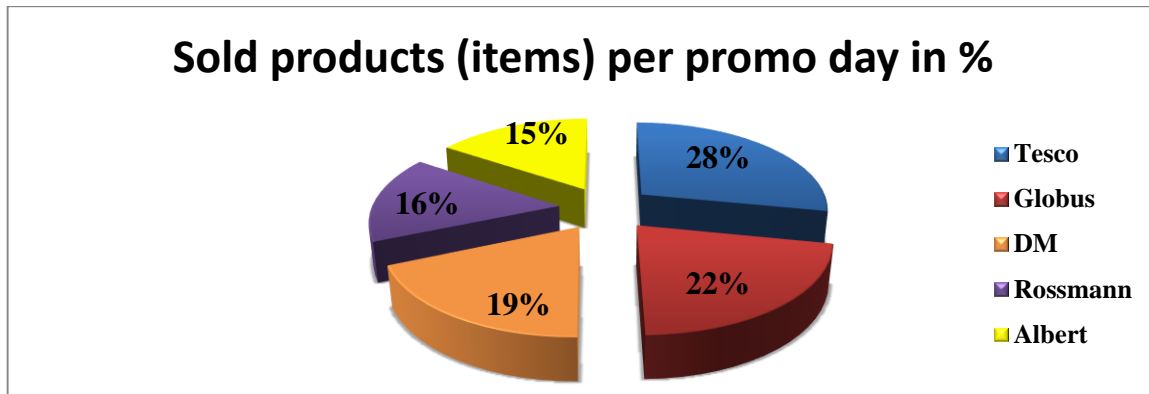
**Graph 13: Approached customers - age**



Source: Own results

Graph 14. The most successful hostess promotion was held in Tesco, there was sold 14 products per promo day in average, which means 28 % compared to other retailers. Of course it contributes to the fact that this retailer offers the highest customer traffic. Item sold per retailer per promo day the right indicator for evaluation. In the Albert and Rossmann stores customers are not willing to buy the Velvet Smooth Hard Skin Remover as much as in Tesco, Globus or drugstore DM. The managers expected that in Tesco in these 30 promo days would be sold the most amount of products. 408 sold products were realized in Tesco, which makes 41 % of all sold products with 31 % of all promo days. There are 974 items sold per whole promotion in all retailers. The most sold product was Velvet Smooth Hard Skin Remover, 201 pieces (items). Right on this product was the promotion targeted.

**Graph 14: Sold products (items) per promotional day in %**



Source: Own results

The largest part of the investment has been inverted into the retailer Tesco, where it was presumed the largest amount of customers and also profitability. It was also analysed in table 7, in which retailers were most of contacts done. 303 customers were approached per 1 promo day in the retailer Globus, but only 3.47 % decided to buy the Scholl product. Tesco was the most profitable retailer, where the approached customer bought the Scholl product in 6.07 %. An average of 4,8 % of customers approached by hostess bought the Scholl product, which is a very low share of successful sale. Customer bought in 49 % products with discount (Scholl Velvet Smooth and in 51 % products without discounts. 49 % share are the products, which was the research focused on. It means that customers bought in less than 50 % and increased the sales of these retailer by this percentage when there is an expectation that without hostess events no products were sold.

**Table 7: Share of sold products compare to approached customers**

Retailer	Share of sold products
Tesco	6.42 %
Globus	3.47 %
DM	4.53 %
Rossmann	6.07 %
Albert	3.76 %

Source: Own results

Of course it depends on other factors that influence the activity in considerable way. One of the factors is the stock of the products in the store and in the shelf. They are centrally ordered through an automated system. Therefore, it is important to inform management and inform them about the hostess promotion, making it is possible to avoid the sellouts. Scholl products, unlike washing powders, show seasoning and therefore the timings of the promotions were ideal. Customers were informed of new Scholl VS Hard Skin Remover and also the aftercare products. They gained information from hostesses about the benefits and they liked that could touch and run the product. The company believes that there is an increase in awareness of the novelty Scholl VS Hard Skin Remover and of the whole portfolio Scholl. Many customers knew the product from television and advertising. They were thinking about buying the product, but were afraid to buy it without trying. The results of sold products influenced proactive behaving of hostesses.

The Table 8 shows that the most functioning retailer is Tesco, which appeared six times in the first 10 most successful hostess promotions. In Tesco, there are 408 products sold, which makes 41 % of all sold products with 31 % of all promo days. The strongest sales impact at DM drugstore was held in Prague Flora and Plzen. The 3 days promotion in Globus (including Sunday) had a positive effect on sold products per promo day. Maybe on Sunday the people go shopping and are not in hurry. Albert Hypermarket, in terms of attendance and sales, is weaker than Tesco and Globus, but on top locations can have great results. The second strongest retailer was drugstore DM, which is ranked rights behind Tesco. On the 8th and 9th places appeared Albert and Globus. No store of Rossmann was placed in the top 10, indicating low effectiveness of hostess promotion in Rossmann.

The presence of the hostess promotion did not affect only the sales of products, which had discounts, but also sales of other products without discount. The share of products sold with discount was 49 % and for products with no discount 51 %. This fact means that the brand Scholl as such is minimum price sensitive, more than if the sales are affected by presence of hostess promotion more than discounts. In the future, it is recommended to do hostess promotion by Scholl without any discounts on products.



**Table 8: Top stores based on sold products**

<b>Retailer</b>	<b>Σ</b>	<b>Ø</b>	<b>PD</b>
TESCO Plzeň	51	26	2
DM Praha Flóra	48	24	2
DM Plzeň	43	22	2
TESCO Praha Novodvorská	41	21	2
TESCO Praha Skalka	40	20	2
TESCO Ostrava - Novinářská	39	20	2
TESCO Ostrava - Třebovice	39	20	2
ALBERT Chodov	34	17	2
TESCO Letňany	32	16	2
GLOBUS Zličín	48	16	3
<b>Total</b>	<b>398</b>	<b>18</b>	<b>22</b>

Source: Internal data RB, own process

**Table 9: ROI of Hostess promotion**

<b>ROI</b>	
Net Income	100 %
Hostess costs	103 %
<b>Total</b>	<b>-3 %</b>

Source: Own results

Hostess promotion is generally viewed as an investment in brand awareness. For the use of this Diploma thesis was calculated the indicator ROI in the Table 9, if the hostess promotion was cost-effective. Unfortunately, Return on Investments ended by -3 %, which is not cost-effective.

### **5.3. Sales impact by marketing tools in DM drugstore**

The DM drugstore is the only retailer based in České Budějovice, In Czech Republic there are 180 stores (Internal data RB) and they have Balea, which is listed only in DM drugstore. Balea is a German company and plays an important role for the brand Scholl, by 23 % share. For an overall view of the implementation of the marketing mix was chosen DM drugstore because the data was obtained.

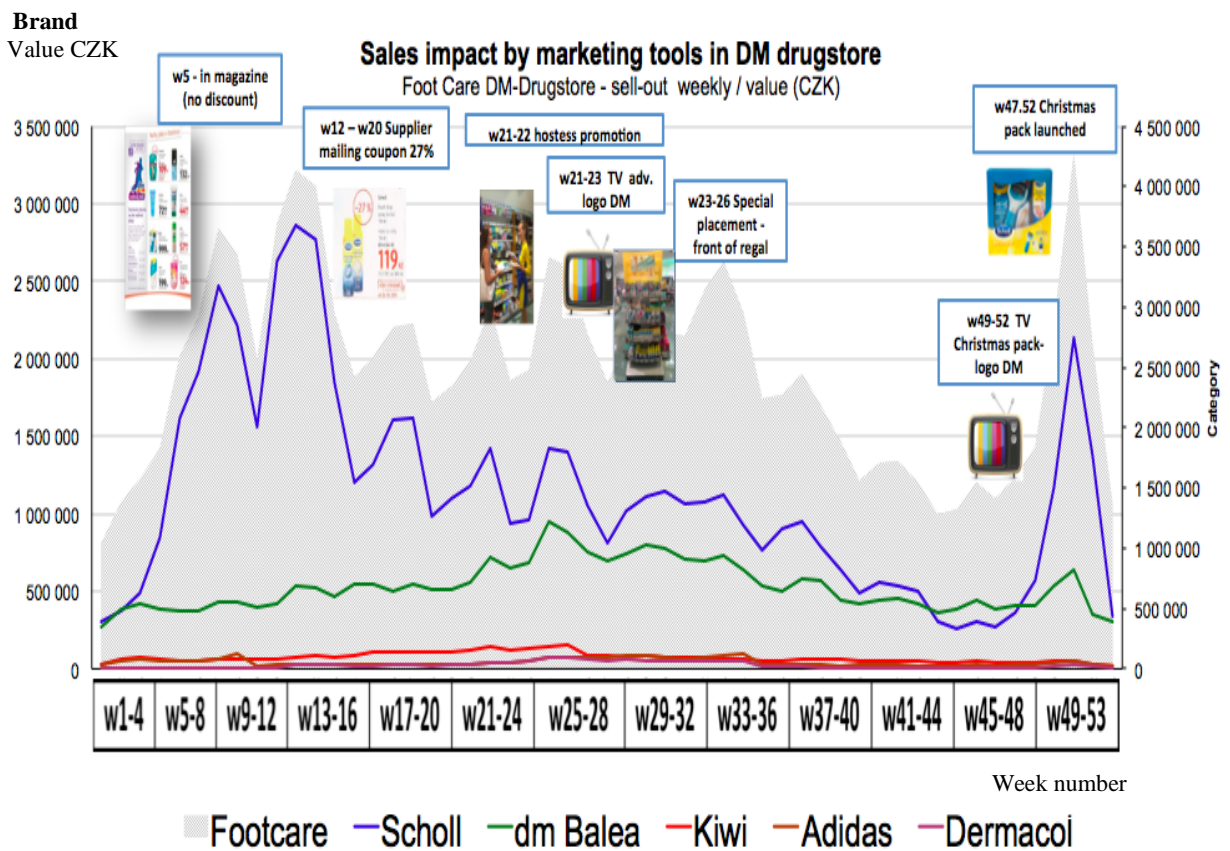
It is significant that Scholl belongs to the category of premium products and the range Velvet Smooth as well. These products do not require massive discounts or sell out discounts. Customers are not price sensitive, but it affects them in the contrary secondary placement displays or placement of the products on the front of shelf.

In the two graphs below, it is possible to see the correlation of sales across the foot care category and sales of segment Hard Skin Remover in the DM drugstore. In this context it should be mentioned, that discounts on other products of the brand Scholl work as so-called traffic

builder. They attract customers to come to the store and to the Scholl shelf, and the customer can buy also other products.

To be able to insert the graphs, it was necessary to put the intervals of 4 weeks. Graphs number 15 shows the impact on sales of the category foot care. It is visible, that whole category drives brand Scholl. Dm Balea has a potential and tries to compete to brand Scholl. DM Balea was successful in the period from the week 43 to 46, when the sales were higher than Scholl. According to brand activities, which are added to the graph can be seen, that the main peak of the brand Scholl was caused by the supplier-mailing coupon -27 % on Scholl Shoe Spray. In the analysis of sales product, the author found that there is correlation with impact on Scholl Hard Skin Remover, which shows in the same time more than 1.4 million CZK.

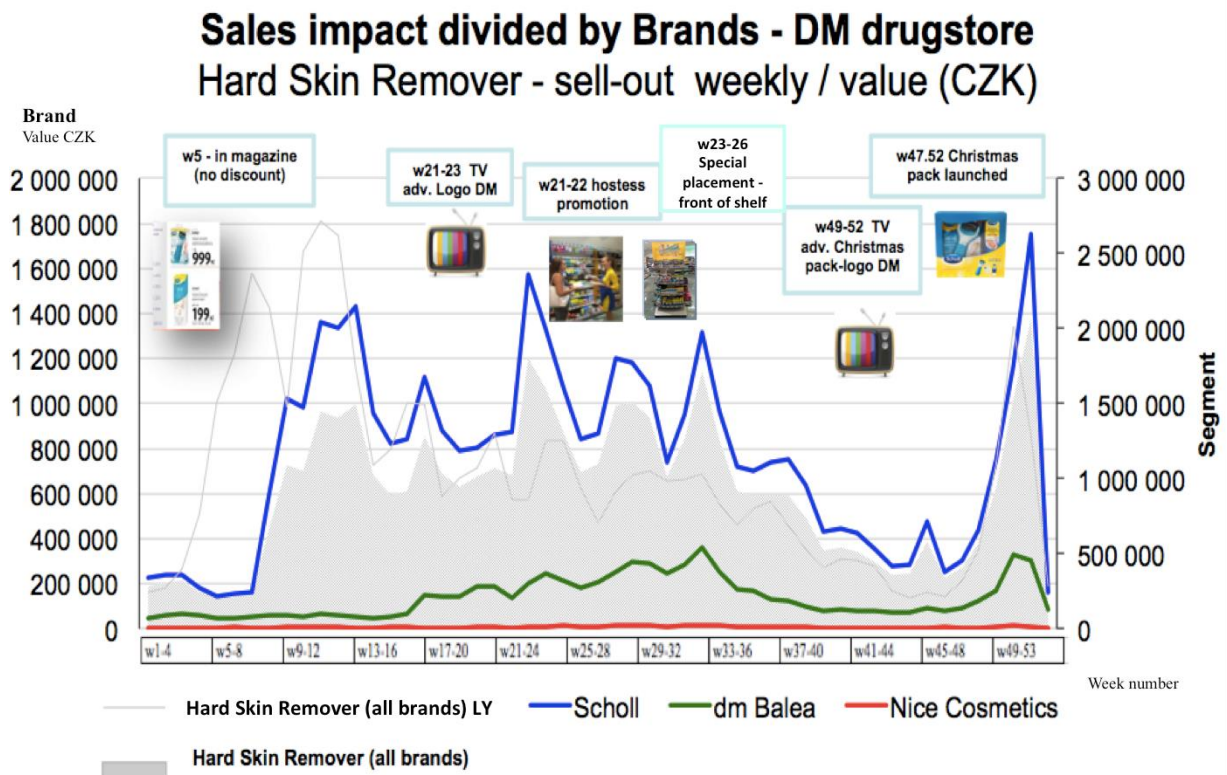
**Graph 15: Sales impact by marketing tools on the brand Scholl and whole category**



Source: Internal data RB; own process

In the graph 16, the impact shows Scholl Hard Skin Remover, which influences whole Care segment as the main item. In the year 2015 Christmas packages dramatically raised the value of the entire category almost doubled. Another important peak was hostess promotion, which significantly contributed on sales Scholl across the category, but the coverage was just 10 stores, in total there are more than 190 DM drugstores, so the impact is not enormous. A slightly lower peak reached the presentation of the entire portfolio Scholl in the so-called "super brand secondary placement". The line Scholl Velvet Smooth together with the rest of the portfolio devoted the special space at the front of shelf near the cashiers, which was also branded by POS communication. Also, in terms of execution of Scholl Velvet Smooth it was by far the most abundant, because in DM drugstore is not allowed to place any display.

**Graph 16: Sales impact on Hard Skin removers, by brands and segment**



Source: Internal data RB; own process

## **6. Research questions including recommendations and proposals**

**“What is the structure of marketing mix of the brand Scholl and what are the main proposals and recommendations after the evaluation of marketing mix?”**

The structure of the marketing mix of the brand Scholl was described and evaluated in the previous chapter Practical part and Research outcomes. The structure corresponds to 4P (Product, Price, Place and Promotion). Here are main outcomes from the research. There is potential by the brand Scholl in the segment Comfort. From the year 2014 to the year 2015 the segment grew up by almost 20 %. Scholl owns in this segment only 5 items and in the year 2015 did not launch any new product in Comfort segment. Scholl might find new products in the Comfort segment. Keep promoting Scholl products (except VS Hard Skin Remover) on regular basis to drive traffic into foot care category.

On the basis of evaluation, there is a proposal to use the Tesco Club Card mailing and send the personalized newsletters to customers, who bought in the past year products in foot care category for more than 299 CZK, including Scholl customers. RB company might tie the relations with the biggest online shops and sell them the goods without distributor and provide them online “buttons”, which directly transforms the customers from the Scholl website, so the customers can buy the products from them.

Overall TV Advertisement works very well as it was shown in the analysis, but there are always many influencing facts. More than 60 % of the marketing budget is invested into TV Advertisement. The TV Advertisement has a long-term effect, and there is no chance to cancel it, but there is a proposal to make an experiment and decrease the frequency of TV advertisement and combine it with other media, like radio, or YouTube videos, it might be cost-effective.

Scholl does not use Facebook, which can connect large community of people. Over 1 billion people use Facebook, therefore, there is a recommendation use this type of media. The Facebook page might gain more “Likes” and answer the comments. They would connect the Scholl customers, who could share the experience and motivate customers to buy the products. The Scholl website should be actualized and added the contacts, where is possible to buy Scholl

products and also the online “Buttons”, which would transfer the customers to biggest online shops. Target groups for PR are women and men from 18-59 years old, readers of lifestyle articles. It is too wide target group, and there is no magazine, which reads such a wide group of people. They might define narrower target group for PR.

Company RB might organize the evaluation of effectiveness of Scholl in-store execution. For this measurement, it is necessary to obtain soft data using observation and interview with customers and sales assistant and need to do the pilot test. Unfortunately this activity is very time consuming to sacrifice staffing capacity. The company strives to do everything Cost-Effective and therefore does not intend to let do the research by agency, which is very expensive.

The main driver of communication mix of the brand Scholl was considered TV Advertisement and Sales support.

**“Did the performance of the hostess promotion influence the customers to buy Scholl?”**

The performance of the hostess promotion influenced the customers to buy products Scholl. It is recommended to do hostess promotion by Scholl without any discounts on products.

From the research of the hostess promotion, it is recommended in the future to focus on Tesco, which should have a growing number of promo days. The number of DM drugstores proposes to increase, but of course in regard to the selection of the concrete stores. In the case of the brand Scholl, it is naturally necessary to find the stores in major shopping malls and main streets of major cities. Promo days realized at Rossmann reached the worst average results. There is also a low number of visitors and low average number of sold products. Therefore, there is a proposal to cancel these promotions in the future. Albert was 4% lower than sales of DM drugstore, so it is suggested to reduce the total number of Albert stores and focus on the top 5 in terms of visitors. For the proper evaluation of the promotion Scholl should calculate the return on investments, so the promotions are cost-effective.

## **“What is the sales impact of communication mix in a chosen customer on the Hard Skin Remover?”**

The sales impact of communication mix was shown by graphical comparison of the Hard Skin Remover in the year 2014 and 2015. The biggest impact was at Christmas. More resources should be focused at the seasonal opportunity. There is a proposal to do a wider range of Christmas packs, which can drive the sales during Christmas period even more. There might be considered different types of seasonal packs. The hostess promotion reached the second highest peak, so it makes sense to continue this kind of communication mix.

## **7. Conclusion**

In present, most of the companies weights carefully investing financial resources and hence the need for seeking alternative forms of communication arose. These communication forms need to be equally effective but considerably cheaper than typical TV advertisement. Successful company excel not only in marketing mix being tailored for a given brand or a product but also in effective use of tools used for its realization. Real benefit of communication tools used is in its regular and thorough analyses and assessment. Considering fast moving goods, not only producer cares about sales maximization but also the retailer. That is the reason why cooperation between these two parties is essential.

This diploma thesis has been done to gain a complete view of the marketing mix of the brand Scholl. Individual parts of the marketing mix were analyzed in particular chapters. On the basis of the practical part the evaluation was done in the chapter Research outcomes followed by the chapter Research questions including recommendations and proposals, which is briefly summarized as follows.

The structure of marketing mix was described, evaluated and found that there is a space for improvement. To ensure future growth of the brand Scholl, the focus should be on the Comfort segment. Even without the contribution, Scholl grew last year by 20 %. Scholl Hard Skin Remover was the only item that has managed to increase the care segment by 60 %. The same force on the Comfort segment will ensure the whole category in growth. It is also necessary

to constantly innovate products and advice on Scholl Velvet Smooth Hard Skin Remover, for example: more speeds, or water resistance.

From the Research outcomes is also clear that the range of Scholl Velvet Smooth products are not very price sensitive. The calculation and pricing of these products is recommended that any reduction has a minimal impact on the quantity of sold products and it means for the company RB only the reduction of its profits. It is better to invest money not to lower price of the range Scholl Velvet Smooth, but to other Scholl products or provide wider sales support.

Compared to the current distribution of a communication mix, it is recommended to be more oriented on social network like Facebook with updates and improve the readability of websites and PR Magazines This could lead to narrower target groups. Usage of secondary placement (special placement – front of shelf) works also the same as discounts to the different Scholl products (except range Velvet Smooth), which gets the traffic to the category foot care. Based on the evaluation of distribution (marketing mix - place) of Scholl, there is a proposal to get the e-commerce (online shops) as the direct distributor. Furthermore e-commerce is a channel with the biggest growth potential. Currently everything is addressed through a distributor that not only works for e-commerce channel, but primarily is focused on the traditional market.

This diploma thesis brought a comprehensive view of the marketing mix and recommendations for its improvement. Their implementation might ensure the maximization of sales and additional growth of the brand Scholl.

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## List of abbreviation

POS - Point of sale

POP - Point of purchase

LY - Last year

SKU - Stock keeping unit

NPD - New product development

TV - Television

FMCG - Fast moving consumer goods

RB - Reckitt Benckiser

VS – Velvet Smooth

# 10. Appendix

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## Appendix 1: History of Reckitt Benckiser

### History of Reckitt Benckiser

- 1814 – Jeremiah Colman established in Norwich flourmill and mustard.
- 1823 – Johann A. Benckiser founded in Germany chemical factory.
- 1840 – Isaac Reckitt begins to produce starch in English Hull.
- 1862 – Isaac Reckitt died, established Reckitt&Sons.
- 1880 – Reckitt&Sons global expanses (firstly to Australia).
- 1888 – Company Reckitt&Sons enters the London Stock Exchange.
- 1913 – Companies Reckitt&Sons and J&J Colman set up joint venture called Atlantis Ltd. in South America.
- 1938 – Company Reckitt&Sons and J&J Colman became the company called Reckitt&Colman Ltd.
- 1943 – Launch of the brand AirWick in USA.
- 1953 - Launch of Finish in the USA.
- 1954 –The Chiswick Polish Company join Reckitt&Colman Ltd.
- 1982 – Merge of the company St. Marc S.A with the company Benckiser.
- 1985 – Reckitt&Colman buy Air Wick products.
- 1988-1989 - Acquisition of Mira Lanza Spa and Spa Panigale and S.A. Camp Group company
- 1990 – Reckitt&Colman buy the company Boyle-Midway a Beecham Household Products.
- 1991 - The J.A.Benckiser company expansion into Eastern Europe - the establishment of the company Benckiser ĆSFR, Ltd.
- 1994 - Acquisition of Lehn & Fink firm Reckitt & Colman.
- 1996 - J.A. Benckiser founded a new branch in the Middle and Near East, in the former states S.S.S.R. and China.
- 1999 – merger of Reckitt & Colman and J.A.Benckiser established Reckitt Benckiser Ltd.
- 2000 – Reckitt Benckiser acquires Tiga Roda and Oxy.
- 2006 – Acquisition of the company Boots Healthcare major international manufacturer of nonprescription medicine.
- 2007 – The first automatic air freshener AirWick, Freshmatic launched.
- 2008 – The acquisition of Adams Respiratory Therapeutics, Inc., a manufacturer of top-selling cough| syrup in the US.
- 2010 – The acquisition of SSL International worldwide known manufacturer of brands Durex and Scholl.
- 2013 – Acquisition of Schiff Nutrition, a major international manufacturer of vitamins and dietary supplements (RB, 2015)

Source: Reckitt Benckiser (2015)

## **Appendix 2: History of brand Scholl**

### **History of brand Scholl**

The brand Scholl has more than 100 of years of experiences. The founder Dr. William Mathias Scholl was very interested in the biomechanics of shoe. He started when he was 17, worked in Chicago in small shop, where everyday came people with hurting feet. He studied medicine and after the graduation in 1904 he founded the first insoles to support the feet, which he let patented. In 1907, when he was 22 started the company Scholl Manufacturing Co. Inc. William liked the science a lot and established College of Chiropody and Orthopedics. It was the most famous faculty in the orthopedics in US. He created first shoes designed for the anatomy feet and also compression stockings. In 1960's Dr. Scholl invented insoles, which became one the most popular product from their company. The next developed product were sandals, with anatomically shaped insoles made from beech wood. Every step was easier; many famous people bought them and were recognized as an icon of style and comfort. William Scholl died in 1968, always wanted to leave a message, how to improve the comfort health and overall wellbeing of people through the foot care. After the dr. Scholl's death, Schering-Plough bought the company. In 1984 Scholl was sold to the global brand European Home Products, later renamed Scholl plc. After several integrations, the company was called SSL. In the year 2010 there was the purchase of SSL by RB.

Source: Scholl, 2016



### Appendix 3: Division of Scholl marketing budget, types of costs

Account
Media On-Air TV
PPC (Pay per click), search words, lock up paymen
Social Web Pages (Social Media)
Banners & Online Sponsorship
<b>Media Buying</b>
Digital Creative
Advertising Production (Production of TV advertising - dabing, translation)
Digital Production - Web-banners
Media Buying - usage rights
Brand Specific Public Relations
SEO (Search Engine Optimisation)
Internet and Mobile Maintenance
<b>Agency Fees</b>
Point of market entry (POME) programs - RB Produc; Samples for bloggers, agencies
Point of market entry (POME) programs - Non-RB, Scholl porudct + present
Gifts and Prizes- RB Products (multibrand competition realisation)
<b>Brand Promotion</b>
In-store Promo: POS Media, renting fees
<b>Consumer Samples</b>
Coupon Distribution - DM drugstore, Teta drogstore
<b>Coupons</b>
Understanding- Market Opportunities (Special researches)
Go to Market- Measurement and Performance Management (AC Nielsen, Focus Online, Dunnhumby)
<b>Market Research</b>
Sales- POS Creation
Temporary Stock Carrying (prepacked displays)
Temporary Non-Stock Carrying (displays, POS Materials)
Sales Demonstration and Promotion Personnel (hostess event)
Trade Samples:
<b>Sales Support</b>

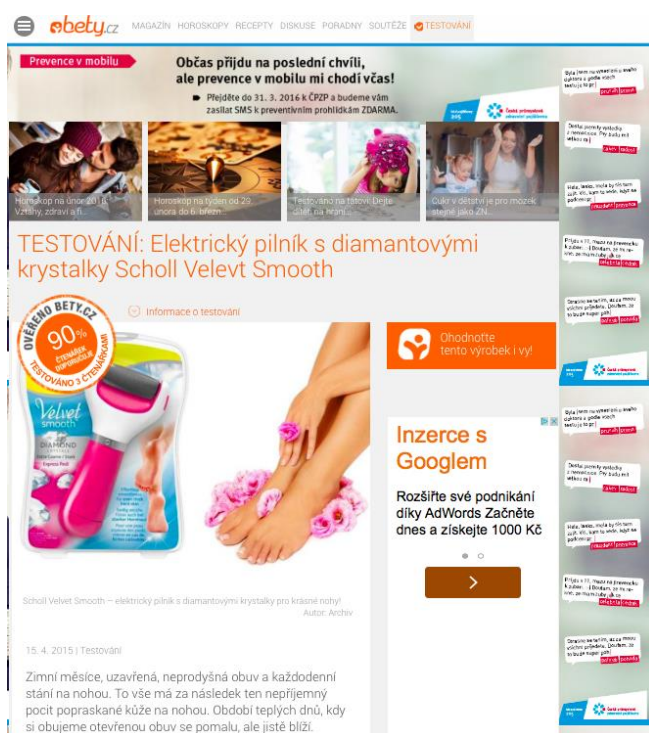
Source: Internal data RB

## Appendix 4: Welcome web site Scholl



Source: Scholl, 2016

## Appendix 5: Scholl PR



Source: Bety.cz, 2015



## Appendix 8: Promotional leaflet A6



**Nový**

Jemněji než si dokážete představit... A bez námahy!

S DIAMANTOVÝMI KRYSTALKY

**Scholl**

Scholl Velvet Smooth - řada výrobků domácí profesionální péče o chodidla

### Scholl Velvet Smooth – odstraní ztvrdlou kůži nestačí, důležitá je i následná péče po použití strojek Scholl Velvet Smooth

**NÁSLEDNÁ PÉČE**

**Scholl Velvet Smooth koupel** na nohy obsahuje zvlhčující kaviar, močkový sérum a vitamín E pro resazování a lepší koupel chodidel.

**Scholl Velvet Smooth Intenzivní sérum** je první sérum vyvinuté speciálně na chodidla. Díky svému výjimečnému složení má vysokou hydratační účinnost.

**KÁŽDODENNÍ PÉČE**

**Scholl Velvet Smooth Esenciální hydratační krém** obsahuje Hydratin™, Dymolol™, vitamíny A a B a Omega-6. Díky tomu mimoládkovému složení po celý den hydratují vaše nohy. Kvůli se vstřebá během 60 vteřin a není mastný.

**Scholl Velvet Smooth Noční maska** zajišťuje intenzivní a dlouhodobou hydrataci a chrání pokožku vašich chodidel před vysušením. Krásné chodidla během spánku. Kvůli lze používat rovněž spolu s porostkami, což je obzvláště účinné.

**JE TO TAK JEDNODUŠE**

### Kompletní postup péče o chodidla s řadou výrobků Scholl Velvet Smooth

1. Odstraníte epodní část strojek, vyjměte červenou ložnici písku a vraťte zpět část na původní místo.
2. Při zapnutí přehraje síťová odhrazovač smlouvaním směrem dolů.
3. Vyjměte hlavice. Vyjměte pouzdro hlavice ze strojek a nasadte nohu.
4. Jemně pohybujte strojek po tvrdé kůži na chodidlech.
5. Vyjměte pouze jemný nebo středně silný šak.
6. Nepoužívejte na velmi popraskanou nebo krvácející kůži.
7. Rozhodnutí pohybujte strojek, dokud neodstraníte ztvrdlou kůži.
8. Pokud vyjměte přetížený šak, strojek se vypne.
9. Scholl Velvet Smooth koupel na nohy odstraní ztvrdlou kůži a díky svému výjimečnému složení zajistí vašim chodidlům potřebnou péči.
10. Pořadí použijte Scholl Velvet Smooth Intenzivní sérum, aby si vaše chodidla dlouho uchovála svou jemnost.

**Adaptiv pro následnou péči:**  
Scholl Velvet Smooth Esenciální hydratační krém  
Scholl Velvet Smooth Noční maska

---

**Nový**

Proč používat Scholl Velvet Smooth ELEKTRICKÝ PILNÍK NA CHODIDLA S DIAMANTOVÝMI KRYSTALKY?



Hedvětbě jemně chodidla: Scholl Velvet Smooth elektrický pilník na chodidla s diamantovými krystalky jemně odstraní ztvrdlou kůži a zanesené chodidla jemně a měkce.

Jednoduché použití: Scholl Velvet Smooth umožňuje profesionální odstranění ztvrdlé kůže během jediného okamžiku.

Bezpečné použití: Scholl Velvet Smooth elektrický pilník na chodidla s diamantovými krystalky reprodukuje jemné rotné tlhy a dlouhodobě zvlhčující výživou, který strojek zastaví, pokud na kůži vyvine příliš velký tlak.

Vyzkoušejte si – Cítíte ten rozdíl?

**Scholl**

Profesionální řada péče o nohy Scholl Velvet Smooth

### Několik snadných kroků pro jemná a krásná chodidla

Nový Scholl Velvet Smooth elektrický pilník na chodidla s diamantovými KRYSTALKY a rozšířená nabídka výměnných hlavice pro snadné odstranění ztvrdlé kůže snadno a podle svých potřeb...

**Velmi tvrdá kůže**  
Extra hrubý rotační hlavice díky svému zvláštnímu uspořádání odstraní silnější a odolnější ztvrdlou kůži: účinné, a přesto jemné.

**Středně tvrdá kůže**  
Hrubá rotační hlavice slouží k odstranění přebytkové ztvrdlé kůže: účinné, a přesto jemné.

**Hedvětbě jemný příslušenství**  
Jemně rotační hlavice s měkkým povrchem dokonale zavlivuje proces odstranění ztvrdlé kůže a je k dostání spolu s hrubou rotační hlavice.

### Scholl Velvet Smooth – doporučený postup péče o chodidla po použití strojek Scholl Velvet Smooth pro zajištění optimální péče

„Předtím než si použiji pilník na chodidla... a je-li k tomu vyřít“  
„Starám se o své chodidla každý den.“

Expresní program	Program speciální péče	Denní program	Noční péče
Velvet Smooth Elektrický pilník na chodidla	Velvet Smooth Elektrický pilník na chodidla	Velvet Smooth Esenciální hydratační krém	Velvet Smooth Noční maska
Velvet Smooth Intenzivní sérum	Velvet Smooth Koupel na nohy	Velvet Smooth Intenzivní sérum	Velvet Smooth Intenzivní sérum

**Scholl**

Objevte svůj vlastní postup péče o nohy!  
www.scholl.cz

Hecht-Beckner Czech Republic, spol. s r.o., Václavská 151, 130 00 Praha 3, tel: +420 227 118 111, Datum: 2/2016

Source: Internal data RB