



VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ
BRNO UNIVERSITY OF TECHNOLOGY



**FAKULTA PODNIKATELSKÁ
ÚSTAV EKONOMIKY**

FACULTY OF BUSINESS AND MANAGEMENT
INSTITUTE OF ECONOMICS

PROPOSAL FOR THE MARKETING STRATEGY IMPROVEMENTS OF A COMPANY

NÁVRH NA ZLEPŠENÍ MARKETINGOVÉ STRATEGIE FIRMY

DIPLOMOVÁ PRÁCE
MASTER'S THESIS

AUTOR PRÁCE
AUTHOR

Bc. VERONIKA HUSÁKOVÁ

VEDOUcí PRÁCE
SUPERVISOR

Ing. VÍT CHLEBOVSKÝ, Ph.D.

BRNO 2012

MASTER'S THESIS ASSIGNMENT

Husáková Veronika, Bc.

European Business and Finance (6208T150)

Pursuant to Act. No. 111/1998 Coll., on Higher Education Institutions, and in accordance with the Rules for Studies and Examinations of the Brno University of Technology and Dean's Directive on Realization of Bachelor and Master Degree Programs, the director of the Institute of Economics is submitting you a master's thesis of the following title:

Proposal for the Marketing Strategy Improvements of a Company

In the Czech language:

Návrh na zlepšení marketingové strategie firmy

Instruction:

Introduction
Executive summary
Theoretical basis of the work
Problem analysis and current situation
Proposals and contribution of suggested solutions
Conclusions
References
Appendices

Podle § 60 zákona č. 121/2000 Sb. (autorský zákon) v platném znění, je tato práce "Školním dílem". Využití této práce se řídí právním režimem autorského zákona. Citace povoluje Fakulta podnikatelská Vysokého učení technického v Brně.

List of literature:

ARMSTRONG, Gary and Philip KOTLER. Marketing: an introduction. 8th ed. Upper Saddle River: Pearson Prentice Hall, 2006. ISBN 0-13-186591-9.

CRAVENS, David W. Strategic marketing. 5th ed. Boston: McGraw Hill, 1997. ISBN 0-256-21438-7.

KOTLER, Philip and Gary Armstrong. Principles of marketing. 10th ed. Upper Saddle River: Pearson Prentice Hall, 2004. ISBN 0-13-101861-2.

KOTLER, Philip and Kevin Lane KELLER. Marketing management. 12th ed. Upper Saddle River: Pearson Prentice Hall, 2006. ISBN 0-13-145757-8.

The supervisor of master's thesis: Ing. Vít Chlebovský, Ph.D.

Deadline for submission master's thesis is given by the Schedule of the Academic year 2011/2012.

L.S.

doc. Ing. Tomáš Meluzín, Ph.D.
Director of the Institute

doc. RNDr. Anna Putnová, Ph.D., MBA
Dean of the Faculty

Brno, 26.08.2012

ABSTRAKT

Diplomová práce se zabývá marketingovou strategií společnosti prodávající knihy. Teoretická část poskytuje teoretické východiska týkající se marketingové strategie. Na základě analytické části analyzující aktuální marketingovou strategii společnosti jsou vypracovány návrhy na její zlepšení.

ABSTRACT

Diploma thesis deals with the marketing strategy of a book selling company. Theoretical part provides theoretical background on marketing strategy. Based on analytical part analysing current marketing strategy of the company are developed proposals for its improvement.

KLÍČOVÁ SLOVA

marketingová strategie, marketingový mix, marketingový plán

KEY WORDS

marketing strategy, marketing mix, marketing plan

BIBLIOGRAPHIC CITATION

HUSÁKOVÁ, V. *Návrh na zlepšení marketingové strategie firmy*. Brno: Vysoké učení technické v Brně, Fakulta podnikatelská, 2012. 98 s. Vedoucí diplomové práce Ing. Vít Chlebovský, Ph.D.

DECLARATION

I hereby declare that the master's thesis is my original work and has been written independently. I also declare that the list of references is complete and copyrights are not violated (pursuant to Act. No. 121/2000 Coll., on copyright and on laws related to copyright Act.).

Brno, 31st August 2012

.....

Bc. Veronika Husáková

ACKNOWLEDGEMENTS

I would like to thank to the supervisor of my thesis Ing. Vít Chlebovský, Ph.D. for his guidance, useful advices and comments. Furthermore, I would like to express my gratitude to Martin Štrba from bookshop Martinus.sk for finding time on interview and providing information.

CONTENT

INTRODUCTION	10
EXECUTIVE SUMMARY	11
1. Theoretical basis of the work	12
1.1 Analysis of environment	12
1.1.1 PEST analysis	12
1.1.2 Markets and the Internet	14
1.1.3 SWOT analysis	16
1.2 Competitive strategy	16
1.2.1 Generic strategies.....	17
1.3 Marketing	19
1.3.1 Concepts of marketing activities.....	19
1.3.2 Marketing plan.....	20
1.4 Marketing strategy	22
1.4.1 Segmentation	22
1.4.2 Targeting.....	24
1.4.3 Positioning	26
1.4.4 Marketing mix.....	28
2. Analysis of the current situation.....	31
2.1 Introduction of Martinus.sk	31
2.1.1 Company profile – basic data	31
2.1.2 History of the company.....	32
2.1.3 Slogan, Mission and Values of Martinus.....	33
2.2 Analysis of macro-environment, PEST analysis	35
2.2.1 Political factors	35
2.2.3 Social-cultural factors	39
2.2.4 Technological factors.....	44
2.3 MARKET ANALYSIS.....	47
2.3.1 Retailing.....	47
2.3.2 Internet retailing.....	48
2.3.3 Book market.....	50
2.3.4 Competition	53

2.4 Analysis of Martinus.....	56
2.4.1 Certificates	58
2.4.2 Success of Martinus	58
2.4.3 Organisational structure	60
2.5 Martinus and marketing	62
2.5.1 Customers data.....	64
2.5.2 Creativity	64
2.5.3 Marketing plan	65
2.6 Analysis of marketing strategy of Martinus	67
2.6.1 Marketing strategy referring to marketing mix.....	68
2.7 SWOT ANALYSIS	77
3. Proposals	79
4. Conclusion.....	89
References.....	91

INTRODUCTION

Today world of business environment is constantly changing. Each company wants to succeed in its business. To be successful, you need to have some strategy. Except of overall strategy of the business, marketing strategy is important as well in order to succeed in gaining and retaining new and loyal customers.

Customers are the key to success regardless of type of B2C business model. Company can be brick-and-mortar, dot-com or click-and-mortar. Each of these businesses offers its products and services to customers. Each company offers certain goods for some price in its retail shops or on its webpage. Product, price, place and promotion are the basic parts of marketing that each company should be interested in. The way how it will divide potential customers, which groups will choose to focus on and how it will position the products is what forms marketing strategy. And strategy is the way how company wants to achieve its main goals.

The purpose of our work is to analyse current situation of a marketing strategy and to develop proposals for its improvement. We decided to analyse marketing activities of Martinus.sk. It is an online bookshop and has also traditional bookshops in Slovakia. Offering books means operating on the book market what does not have to be an easy business doing. People do not buy books through the whole year. It means there are good months with high sales and bad months with low sales. Company has to deal with it and we were interested how they do so and what can do better.

EXECUTIVE SUMMARY

This work deals with marketing strategy, plan and mix of online bookshop. Main goal of the thesis is to analyse current situation of a marketing strategy and develop proposals for its improvement. In order to meet this goal, the author has set two sub-goals to support fulfilling the main goal. These supplementary goals are an analysis of external environment and analysis of Martinus.sk.

Whole work can be divided into three main parts. The thesis starts with theoretical background dealing with analysis of environment and impact of the Internet on markets and businesses. It defines competitive strategies and describes achieving marketing objectives through preparing marketing plans and setting marketing strategies. Theoretical parts reviews possible ways of segmentation of consumers and choosing some as target markets corresponding with target marketing strategies. It concludes by positioning strategy and decisions of retailers about marketing mix elements.

Second part of the work is practical. We make analysis of environment, market of retailers and internet retailers. Looking on book market and its characteristics we move on review of main competitors. After identification of opportunities and threats of external environment for the company we focus on analysis of Martinus.sk and its marketing plan, attitude and mix. All these analyses of internal environment enable us to reveal strengths and weaknesses of the online bookshop. We sum it up in SWOT analysis.

Last part of the thesis provides our proposals for improvement for the company. Using the results of analysis we develop recommendation to open a bookshop in a shopping centre, to create a marketing department and employ skilled marketing manager, to write down the basic rules of marketing attitude of the bookshop and to extend the offer of readers of electronic books. We believe our ideas will be profitable for company and make it better, not bigger.

1. Theoretical basis of the work

This part of the diploma thesis provides theoretical background of topics about businesses and their marketing plans and strategies.

1.1 Analysis of environment

For performance of business it is critical to assess the environment and decide the future product and market direction of the organization. As company has to anticipate and proactively deal with future threats and opportunities, an analysis of external environment is needed (Cravens, 1997).

Organization's environment can be defined as the external surroundings in which organization operates. It can include governments and competitors, suppliers and buyers of the company. Wider environment can have a significant impact on companies and industries what is a reason why it is important to understand and recognize forces of the external environment (Williamson et al., 2004). Generally, companies keep a close eye on key macro-environment forces and micro-environment actors that affect their ability to earn profits. Forces of macro-environment are demographic-economic, technological, political-legal and socio-cultural. By actors of microenvironment are meant customers, competitors, distributors and suppliers. A major purpose of scanning of environment is to perceive new marketing opportunities. The term marketing opportunity refers to "an area of buyer need or potential interest in which a company can perform profitably" (Kotler, 2003, p. 102). To identify key environmental pressures we use PEST analysis.

1.1.1 PEST analysis

PEST analysis is a commonly used and comprehensive framework that identifies political, economic, sociological and technological environmental forces.

Political

Political environment consists of laws, pressure groups and government agencies that influence or limit individuals and companies in a given society. Governments develop set of laws and regulations which limit business for the good of society as a whole. The purpose of government regulation is to protect companies from each other, consumers

from unfair business practises and the interest of society against unrestrained business behaviour. Except many other, marketing activity is subject to a range of regulations and laws as well. Regulations are constantly changing and organizations have to keep up with changes (Kotler and Armstrong, 2004).

Governments respond to activities in the wider business environments what influences organizations. They can create conditions which discourage or encourage the growth of strong businesses in their countries. Governments react on events like terrorist attacks, government stability, economic stability, membership of trading blocks, legislation and others (Williamson et al., 2004).

Economic

The economic environment is made up of factors that affect purchasing power and spending patterns of consumers. Marketers are interested in income distribution and average income as well (Kotler and Armstrong, 2004). Economic factors influencing organizations can be put into two main categories. First group has impact on costs of companies. It includes interest rates, exchange rates, inflation rates, costs of inputs and others. Second category affecting organization's ability to sell contains the inflation, interest rate, exchange rates, the amount of disposable income in the economy and the growth rate of the economy (Williamson et al., 2004).

Sociological

In the demographic environment, marketers consider growth of population, changing mixes of age, educational levels and many other features. In socio-cultural field, they need to understand people's views of themselves, society, organizations and others (Kotler, 2003).

The cultural environment is created by institutions and other forces which affect a society's basic values, perceptions, behaviours and preferences. Society where people grow up shapes their basic beliefs and values. Marketing decision making can be affected by cultural characteristics like persistence of cultural values and shifts in secondary cultural values (Kotler and Armstrong, 2004).

Societal factors are really important for companies. These factors affecting the demand for goods and services can be attitude to eating, importance of status and fashion in

clothes, attitudes to the use of drugs and alcohol, beliefs about public and private control of utilities, education, health services and concern for the ecological environment (Williamson et al., 2004).

Technological

In these days, technological environment changes very quickly. New technology replaces older technology so that new markets and opportunities are created. Companies should watch the technological environment closely and keep up with technological changes. Otherwise, they will soon find their products outdated. The challenge is to make new versions of products practical and affordable. In case companies ignore new technologies, they will miss new product and market opportunities and their businesses will decline (Kotler and Armstrong, 2004). Example of technological advancement is development of computers and information technology that leads to changes in product design (Williamson et al., 2004). It can be said the most dramatic new technology is the Internet.

1.1.2 Markets and the Internet

Technology that is nowadays part of everyday life used by individuals, companies and institutions is the Internet. It has created a digital age and gives companies a lot of capabilities. Thanks to this global public web of computer networks, companies can promote their products worldwide, collect much more information about customers, competitors and markets faster and have many other possibilities (Kotler and Keller, 2006).

Market is defined as “the set of all actual and potential buyers of a product or service” (Armstrong and Kotler, 2006, p. 8). Business enterprise whose sales volume comes primarily from retailing is retailer. Kotler and Keller (2006, p. 504) explain that retailing consists of “all the activities involved in selling goods or services directly to final consumers for personal, nonbusiness use”.

Types of retailers where consumers can shop for goods and services are retail organizations, store retailers and nonstore retailers (Kotler, 2003). We can say markets and the Internet are interconnected.

E-commerce

The Internet brought a creation of issues like e-business and e-commerce. Armstrong and Kotler (2006, p.438) define e-business as “the use of electronic platforms – intranets, extranets, and the Internet – to conduct a company’s business”. They add that “e-business includes all electronicsbased information exchanges within or between companies and customers”. Kotler (2003, p. 40) explains that “e-commerce is more specific than e-business; it means that in addition to providing information to visitors about the company, its history, policies, products, and job opportunities, the company or site offers to transact or facilitate the selling of products and services online”. “Sellers use e-markets to offer their products and services online. E-markets are “*marketspaces*”, rather than physical *marketplaces*” (Kotler and Armstrong, 2004, p. 74).

Online retail business

The most well-known and familiar type of e-commerce where online businesses seek to reach individual consumers is business-to-consumer (B2C) e-commerce. One of the business models utilized in the B2C arena is e-tailer. Online retail stores, often called e-tailers, are similar to the typical brick-and-mortar shops. Difference is that customers have to connect to the Internet to check the offer and place an order. Four main types of online retail business are manufacturer direct, virtual merchant, “clicks and bricks” and catalog merchants. Each of these online retailers faces different industry and strategic environment. Clicks-and-bricks, also called multichannel merchants or brick-and-mortar, are companies that have a network of physical stores as their primary retail channel, but they have introduced also online offerings (Laudon and Traver, 2004).

1.1.3 SWOT analysis

For setting a role or mission of business activities it is very useful to undertake a SWOT analysis. It is an analysis of strengths, weaknesses, opportunities and threats. Strengths and weaknesses come from internal environment of a company while opportunities and threats are posed by external environment.

Business needs to evaluate its strengths and weaknesses. In the field of marketing it is appropriate to analyse brand, image, market share, perception of products quality, innovation frequency, range of offered services, distribution costs, level of customer relationship management, price competitiveness, communication effectiveness and so on. Among other parts of business can be analysed financial stability, rentability, productivity, workforce mobility and other factors.

Opportunities and threats arise from external environment that is usually divided on analysis of micro and macro environment. Macroenvironment can be analysed using PEST framework and microenvironment is influenced by relationships with customers, publics, suppliers and by activities of competition (Machková, 2006). As SWOT analysis enables to find competitive advantages it is a very helpful tool to set a strategy based on competitive advantage.

1.2 Competitive strategy

How a business is going to compete, what its goals should be and what policies will be needed to carry out these goals are the key issues of formula of developing competitive strategy. It is combination of policies that company uses to meet the goals. The limits of what a company can successfully accomplish are determined by four key factors. Two factors internal to the company are its strengths and weaknesses, and personal values motivating key implementers of the chosen strategy. These are company's internal limits to adoption of competitive strategy. Next two factors are external to the company and represent external limits. These are opportunities and threats of the industry and societal expectations of broader environment (Porter, 2004).

In order to formulate competitive strategy or improve it, it is important to know the environment, internal and external. There is a competition in each industry and its state depends on certain forces.

The five basic competitive forces are rivalry among existing firms, threat of new entrants, bargaining power of buyers, bargaining power of suppliers and threat of substitute products or services. These five forces determine profitability and the intensity of industry competition (Porter, 2004).

1.2.1 Generic strategies

Creation of defendable position against the five competitive forces means creation of effective competitive strategy. “In coping with the five competitive forces, there are three potentially successful generic strategic approaches to outperforming other firms in an industry:

2. overall cost leadership
3. differentiation
4. focus” (Porter, 2004, p. 35).

Overall cost leadership

It is not easy to achieve a low overall cost position. It is often needed to have a high relative market share or other advantages, to design products for easy in manufacturing and to serve all major groups of customers in order to build volume. It may require heavy capital investment at the beginning. Cost leadership requires aggressive construction of efficient-scale facilities, tight cost and overhead control and endeavor to reduce costs in areas like service, sales force, advertising, R&D, and other.

Despite all this, cost leadership strategy protects the company against all five competitive forces. As lower costs of the company mean that it can earn returns after its competitors have competed away their profits through rivalry, the cost position gives the company a defense against rivalry from competitors. Buyers can exert their power only to drive down prices to the level of the next most efficient competitors so that a low-cost position defends company against powerful buyers. Low cost provides more flexibility to cope with increases of input costs what means it provides a defense against powerful suppliers. The factors which lead to a low-cost position usually also provide substantial entry barriers in terms of cost advantages or scale economies. Company is usually in a favourable position vis-à-vis substitutes relative to its competitors thanks to its low-cost position.

In addition to all this, the low-cost position provides high margins and yields the company above-average returns in its industry (Porter, 2004). It is hard to achieve but profitable strategy.

Differentiation

The second generic strategy that Porter (2004) presented is differentiation. This strategy is differentiating the product or service offering of the company and creating something that is perceived to be unique industrywide. There are many forms of approaches to differentiating such as design or brand image, features, technology, customer service, dealer network or other. If company achieves differentiation, it creates to company a defensible position for coping with the five competitive forces. Differentiation insulates company from competitive rivalry because of customer brand loyalty what results in lower price sensitivity. As it increases margins there is no need for a low-cost position. The need for a competitor to overcome uniqueness and customer loyalty provide entry barriers. Supplier power can be dealt with having higher margins from differentiation which also moderates buyer power as buyers lack comparable alternatives. Finally, the company that achieved customer loyalty through differentiating itself should be better positioned vis-à-vis substitutes than its competitors. Although differentiation can sometimes prevent from gaining a high market share, it is a feasible strategy to earn above-average returns.

Focus

This generic strategy focuses on a particular buyer group, product line segment or geographic market. Difference between the low cost and differentiation strategies which are aimed at achieving objectives industrywide is that focus strategy is based on serving a particular target market very well. Premise of this strategy is that the company is able to serve narrow strategic target more efficiently or effectively than competitors who are competing more broadly. The company achieves either lower costs in serving target market or differentiation from better meeting the particular target needs, or both. Although from the perspective of whole market company does not achieve low cost or differentiation through focus strategy, it does achieve one or both of these positions in relation to its narrow target. Company's focus means that it has high differentiation or

low cost position with its strategic target, or both. The company that achieves focus can potentially earn above-average returns (Porter, 2004). As we mentioned before, positions of differentiation and cost leadership provide defenses against the five competitive forces.

1.3 Marketing

Every organization exists to achieve something and a statement of the organization's purpose is mission statement. According Kotler and Armstrong (2004) mission statements should be market-oriented mission statements defining the business in terms of satisfying basic needs of customers.

There are three major characteristics of good mission. It focuses on limited number of goals, highlights major policies and values the company wants to honor and defines the major competitive scopes within which the company will operate (Kotler, 2003).

An organization that understands buyers' needs and wants and effectively combines skills and resources of the whole organization to provide high levels of satisfaction to its customers is a market-oriented organization. It views the information about customers, competitors and markets from a total business perspective, decides how to deliver superior customer value and takes actions to provide value to customers. This market orientation is a culture committed to customer value. The focal point of a company's operations is customer (Cravens, 1997). We consider market-oriented companies as companies committed to marketing as marketing is today understood in the sense of satisfying customer needs.

1.3.1 Concepts of marketing activities

More business functions deal with customers and one of them that is quite important is marketing. There are five competing concepts under which organizations can conduct their marketing activities. Companies can choose to conduct their business under "the production concept, the product concept, the selling concept, the marketing concept, and the holistic marketing concept. The first three are of limited use today" (Kotler and

Keller, 2006, p. 31). As they are not used so much currently, we focus on the leaving concepts that are used nowadays. “The marketing concept holds that the key to achieving organizational goals consists of the company being more effective than competitors in creating, delivering, and communicating superior customer value to its chosen target markets” (Kotler and Keller, 2006, p. 16).

Kotler and Keller (2006, p. 17) define the holistic marketing concept as a concept that is “base on the development, design, and implementation of marketing programs, processes, and activities that recognizes their breadth and interdependencies. Holistic marketing recognizes that “everything matters” with marketing – and that a broad, integrated perspective is often necessary.” This concept involves four components that are integrated marketing, internal marketing, relationship marketing and social responsibility marketing.

What a business wants to achieve represents its goals and strategy is a game plan for getting there. In order to achieve goals, company must design a strategy consisting of a marketing strategy, compatible technology strategy and sourcing strategy (Kotler and Keller, 2006). As marketing deals with customers and their satisfaction we will focus on marketing plan and strategy.

1.3.2 Marketing plan

Part of strategic planning of the company is marketing planning that will help the company to meet its overall strategic objectives. Armstrong and Kotler (2006) introduced a typical product or brand marketing plan which we use to provide the theoretical background of marketing plans. There are 8 major sections in this marketing plan: executive summary, current marketing situation, threats and opportunities analysis, objectives and issues, marketing strategy, action programs, budgets and control.

First element is executive summary. It quickly overviews main goals, recommendations and assessments of the plan for management review.

The main section of the marketing plan is analysis of current marketing situation and potential threats and opportunities. First one contains information about the market, product performance, competition and distribution. Market description defines major segments, reviews customer needs and factors that can influence customer purchasing. Product review shows prices, sales and gross margins of the major products in the product line. Competition review identifies major competitors and assesses their position on the market and strategies for product quality, pricing, promotion and distribution. There is also evaluation of recent sales and other developments in major distribution channels. Second part of the main section assesses major opportunities and threats in order to help management to anticipate important positive and negative developments that can influence firm and its strategies.

Section that follows states marketing objectives of company which it would like to attain during the plan's period. It discusses key issues that can affect meeting the objectives.

Next section is about marketing strategy. There is explained how each strategy for marketing-mix element responds to critical issues, threats and opportunities spelled out earlier in the plan. Marketing strategy will be in more detail discussed in the next chapter.

Next section of marketing plan focuses on action programs for implementing marketing strategy. It states what will be done, its time, responsibility and costs.

This continues by details of supporting marketing budget which is in form of projected profit-and-loss statement showing expected revenues and costs. After higher management approval of the budget it becomes the basis for materials buying, production scheduling, marketing operations and personnel planning.

Marketing plan is concluded by outline of control that will be used to monitor progress, take corrective action and allow higher management to review results of implementation.

1.4 Marketing strategy

One part of marketing plan is marketing strategy. It can be defined as “the marketing logic by which the business unit hopes to achieve its marketing objectives” (Armstrong and Kotler, 2006, p. 49). To design a winning strategy company decides which customers and how it will serve. It does so by market segmentation, targeting and positioning. We can also call it STP process. Then company designs marketing mix. In order to find the best marketing strategy and mix, the company engages in marketing planning, implementation, control and analysis (Armstrong and Kotler, 2006).

1.4.1 Segmentation

Market segmentation is dividing the market into the segments of customers. Market consists of buyers who differ in more ways such as their wants, resources, location, buying practices and attitudes. This heterogeneous market is through market segmentation divided into smaller segments that can be reached more efficiently and effectively with products and services that match their needs. As there is no single universal way to segment the market, marketers have to decide which different segmentation variables they will use to find the best way to view the market structure (Armstrong and Kotler, 2006).

One way is to make no segments what is the case of mass marketing where company engages in the mass production, mass promotion and mass distribution of one product for all buyers. “The argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which in turn can lead to lower prices or higher margins” (Kotler and Keller, 2006, p.240). However, this is not a choice of all companies. Many marketers do the market segmentation. Major variables for segmentation of consumer markets are geographic, demographic, psychographic and behavioral.

Using geographical segmentation company divides the market into different geographical units such as cities, counties, states, regions or nations. Paying attention to geographical differences in needs and wants company decides to operate in one, few or all geographical areas.

The most popular bases for segmenting consumer groups are demographic factors. Variables like age, gender, family size, family life cycle, income, education, occupation, religion, nationality and generation are used for demographic segmentation. Advantage is that it is easier to measure them than most other types of variables. Moreover, needs and wants of consumers often vary closely with demographic variables. Using different marketing approaches for different age and life-cycle groups means that company makes age and life-cycle segmentation.

Psychographic segmentation is a division of buyers into groups based on personality characteristics, lifestyle or social class.

Based on customer knowledge, attitudes, uses or responses to a product, company elaborates behavioral segmentation of buyers. Variables of this form of segmentations are:

- Occasions: Buyers can be divided into groups according to occasions when they develop a need, get the idea to buy, purchase a product, or use it.
- Benefits Sought: This segmentation is finding the major benefits people seek from the product. Based on the different benefits, buyers are segmented.
- User status: Company segments markets into regular users, first-time users, ex-users and nonusers of a product.
- Usage rate: Light, medium and heavy product users are the next possible segments of consumer markets. High percentage of total consumption is made by heavy users even though they represent a small percentage of the market.
- Loyalty status: Consumer loyalty is another variable for segmentation. Market can be divided into groups according to degree of customer loyalty. Analyzing loyalty patterns in the market company can learn a lot like which brands are most competitive with its own. To find out what are the marketing weaknesses of the company it can look at customers who are shifting away from its brands. Consumers can be loyal to companies, stores and brands (Armstrong and Kotler, 2006).

Another way how to divide buyers into segments is by identifying preference segments (see Figure 1). There are three possible patterns: homogeneous, diffused and clustered preferences. Homogeneous preferences can be identified on the market where all the

consumers have approximately the same preferences. There are no natural segments shown in this market. Another extreme is when consumer preferences have wide diversity. This is a case of diffused preferences. Last segmentation can be characterized by particular preference clusters, called natural market segments (Kotler and Keller, 2006).

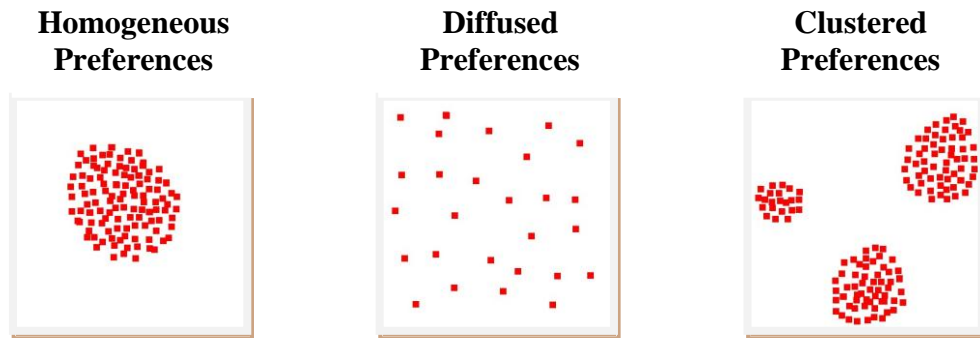


Figure 1 Basic market-preference patterns (Source: Kotler and Keller, 2006, p. 242)

Segmentation analysis is rarely limited to one or few variables. Marketers rather use multiple segmentation bases in order to identify smaller and better-defined target groups. Effective segmentation has to be measurable, accessible, differentiable and actionable (Armstrong and Kotler, 2006).

1.4.2 Targeting

Once the company identified market segments, it has to evaluate them and make a decision how many and which segments it can serve best. Evaluation takes into account three factors: company objective and resources, segment size and growth, and segment structural attractiveness. Firstly, the company collects and analyses data on current sales of segment, growth sales and anticipated profitability for various segments. Then it considers factors that affect segment attractiveness. A segment is less attractive when it contains powerful suppliers and strong and aggressive competitors. Prices and the profits can be limited by existence of high power of buyers and many actual or potential substitute products. Finally, the company has to consider its own objective and resources, and decide to enter only segments where it can offer superior value and gain competitive advantages over competitors. After evaluating segments, company decides how many and which segments to target. A target market can be defined as a “set of

buyers who share common needs or characteristics that the company decides to serve” (Armstrong and Kotler, 2006, p. 178).

There exist several different levels of target marketing which you can see in Figure 2. Mass marketing or undifferentiated marketing strategy is used by company when it decides to ignore differences of market segments and target the whole market with one offer. This mass-marketing strategy focuses instead of on what is different rather on what is common in the needs of consumers. Product and marketing program is designed to appeal to the largest number of buyers.

Differentiated or segmented marketing strategy is a market-coverage strategy used to target several segments of market and design separate offers for each. Companies hope for higher sales and a stronger position within each market segment by offering product and marketing variations to segments. Higher total sales are more created by developing a stronger position within several segments than by undifferentiated marketing across all segments. As developing separate marketing plans for the separate segments increases costs, the differentiated marketing drives up the costs of doing business.

Concentrated marketing or niche marketing is especially good when company has limited resources. Company rather goes after a large share of one or a few smaller segments or niches than going after a small share or a large market. Company achieves through concentrated marketing a strong market position because of its greater knowledge of consumer needs in the niches it serves. Focusing limited resources of company on serving niches that may be unimportant to larger competitors can provide smaller companies an opportunity to compete. Although concentrated marketing involves higher-than-normal risks, it can be highly profitable (Armstrong and Kotler, 2006).

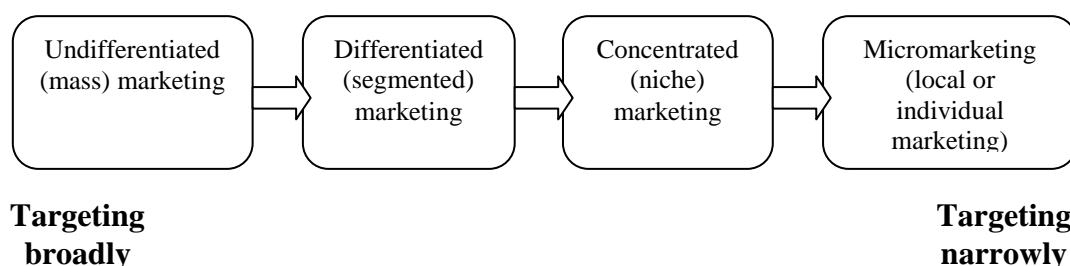


Figure 2 Target marketing strategies (Source: Armstrong and Kotler, 2006, p. 178)

We can conclude that companies have to consider many factors in deciding which target marketing strategy to choose but each of them can bring them success.

1.4.3 Positioning

Next step of marketing strategy is positioning. “Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The goal is to place the brand in the minds of consumers to maximize the potential benefit to the firm” (Kotler and Keller, 2006, p. 310).

Armstrong and Kotler (2006) provide simple and understandable description of steps of positioning task. These three steps are:

- identification of a set of possible competitive advantages upon which to build a position,
- choosing the right competitive advantages and
- selection of an overall positioning strategy.

After this, company just effectively communicates and delivers the chosen position to the market.

In order to identify possible competitive advantage, company must understand customer needs better than competitors do and deliver more value. Positioning starts with differentiating the market offering of company so that it will give consumers superior value. Marketers have to think through the entire experience of customers with the company’s product or service, to be able to find points of differentiation. Company can differentiate along the lines of image, product, services, channels or people (Armstrong and Kotler, 2006).

Suppose the company identified several competitive advantages. Now it has to decide how many and which differences to promote. Decision about the number of differences to promote is not easy as some marketers think it should be one, others think company should position itself on more than one differentiator. To find out whether is any difference worth establishing it should satisfy the following criteria:

- *“Important:* The difference delivers a highly valued benefit to target buyers.

- *Distinctive*: Competitors do not offer the difference, or the company can offer it in a more distinctive way.
- *Superior*: The difference is superior to other was that customers might obtain the same benefit.
- *Communicable*: The difference is communicable and visible to buyers.
- *Preemptive*: Competitors cannot easily copy the difference.
- *Affordable*: Buyers can afford to pay for the difference.
- *Profitable*: The company can introduce the difference profitably” (Armstrong and Kotler, 2006, p. 188).

Competitive advantages choosing upon which to position a product or service can be difficult, but this choice can be crucial to success.

Third step of positioning strategy creation is selection of overall positioning strategy. “The full positioning of a brand is called the brand’s value proposition – the full mix of benefits upon which the brand is positioned” (Armstrong and Kotler, 2006, p. 188). Figure 3 shows possible value propositions upon which a company may position its products.

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

Figure 3 Possible value propositions (Source: Armstrong and Kotler, 2006, p. 189)

The red cells represent losing value propositions and green cells represent winning value propositions – the positioning that gives the company competitive advantage.

More for more means “providing the most upscale product or service and charging a higher price to cover the higher costs” (Armstrong and Kotler, 2006, p. 189).

More for the same means company introduced a brand offering that has comparable quality but at a lower price. By this value position company can attack more-for-more positioning of competitor.

The same for less can be a very powerful value position when company offers it, as everybody likes a good deal. Instead of claiming to offer different or better products, companies offer the same brands at discounts based on lower-cost operations and superior purchasing power.

Less for much less positioning represents meeting of consumer’s acceptance of lower performance or quality in exchange for a lower price.

More for less is the value proposition that many companies claim to do. In the short run some companies can achieve it but in the long run it is very difficult to sustain as offering more usually costs more.

Each company has to develop a winning positioning strategy which makes company special to its consumers (Armstrong and Kotler, 2006).

1.4.4 Marketing mix

The company guided by marketing strategy designs a set of controlled factors – product, price, place and promotion – marketing mix. Among many other businesses, retailers are also conducting a search for new and hopefully successful marketing strategies (Armstrong and Kotler, 2006). That is the reason why we focus on retailers marketing mix now.

Product

For Kotler and Keller (2006, p. 372) product refers to “anything that can be offered to a market to satisfy a want or need. Products that are marketed include physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas”.

Retailers have to make decisions about three major product variables: product assortment, services mix and atmosphere of store. While matching target shoppers’

expectations, retailer's product assortment should differentiate the company. A strategy can be to offer goods that no other competitor carries. Next possibility is to feature blockbuster merchandising events or to offer surprise merchandise. In setting one retailer apart from another, a services mix is helpful. Another element in the retailer's product arsenal is store's atmosphere. As authors state each store has a "feel" and it is the role of retailer to design an atmosphere that suits the target market and moves customers to buy.

Moreover, product differentiation can be based on features, performance, style, design, consistency, durability, reliability or repairability (Armstrong and Kotler, 2006).

Price

A generally accepted definition of price is that it is "the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service" (Kotler and Armstrong, 2004, p. 345). Price policy of retailer must fit retailer's target market and positioning, product and service assortment, and competition. Retailers usually want to make low mark-ups on higher volume or high mark-ups on lower volume (Armstrong and Kotler, 2006). Decisions about price have to be coordinated with more elements like product design, promotion and distribution to create a consistent and effective marketing program. Most companies make price adjustments, called discounts and allowances, to reward or attract customers (Kotler and Armstrong, 2004).

Place

Place involves activities of company that make the product available to target consumers. For retailers it is very important to select good locations that are accessible to the target market to be consistent with the retailer's positioning. "Retailers often point to three critical factors in retailing success: *location, location, and location!*" (Armstrong and Kotler, 2006, p. 345). One of the locations can be a shopping centre defined as "a group of retail businesses planned, developed, owned, and managed as a unit" (Kotler and Armstrong, 2004, p. 447). Next possibility is to use the web where we move to online retailing what is a form of nonstore retailing (Armstrong and Kotler, 2006).

Promotion

Promotion represents company activities that communicate advantages and features of products to target customers to persuade them to buy it. Promotional tools that retailers can use are advertising, personal selling, public relations, sales promotion and direct marketing. Retailers can advertise in newspapers, magazines, television, radio and on the Internet (Kotler and Armstrong, 2004).

Advertising is a “paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor”. Objectives of advertising have flow from previous decisions on target market, market positioning, and marketing mix. Sales promotion offers an incentive to buy while advertising offers a reason to buy. Sales promotion consists of tools for consumer promotion, trade promotion and business and sales-force promotion (Kotler, 2003, p.590).

For personal selling is required careful training of salespeople in how to greet customers, meet their needs and handle their complaints. Retailers can profit from public relations activities like speeches, press conferences, store openings, special events and public service activities. Large number of retailers discovered advantages of the Internet and have set up web sites where they offer customers information and other features of products (Kotler and Armstrong, 2004). Each of these marketing mix elements supports marketing strategy and plans of the company.

2. Analysis of the current situation

Second part of the diploma thesis is analytical part devoted to online bookshop Martinus.sk. In the following text we will focus on overview of the company and analysis of its marketing, especially the strategy. Our goal is to analyse current state of marketing strategy of the bookshop and based on the analysis of external environment and company itself, as sub-goals, we intend to propose improvements. We plan to develop proposals for improvement of their marketing strategy in accordance with their possibilities.

2.1 Introduction of Martinus.sk

Martinus is online bookshop and one of the Slovak most important online shops in total. Main goal of the company is to be the best, not the biggest. This goal is superior to any other aims and goals that company has. They try to make their supplementary goals in such a way to support their main goal which is the most important for the (Štrba, 2012).

The bookshop is a type of click-and-mortar company, it includes online and offline operations. Marketing activities of Martinus are conducted in a way that resembles mostly the marketing concept. Company is not selling solely books. It has diversified portfolio of products and we will have a closer look at in a chapter dealing with marketing mix.

First of all, we provide you with basic overview of this private limited liability company Martinus.sk and later on we will analyse the company and its way of doing marketing.

2.1.1 Company profile – basic data

Business name:	Martinus.sk, s. r. o.
Registered seat:	M. R. Štefánika 58 Martin 036 01
Date of establishment:	1 st March 2006
Legal form:	private limited liability company
Identification number:	36 440 531

Founders: Jozef Santus, Michal Meško, Miroslav Santus
Partners: Ivana Santusová, Miroslava Santusová
Basic capital: EUR 6 972 (Ministry of Justice of the Slovak Republic,
2012)
Web page: www.martinus.sk
Company logo



(Martinus.sk, 2000-2012a)

2.1.2 History of the company

History of name Martinus started at the end of 20th century. Martinus, one of the first private bookshops in Slovakia, was established by brothers Miroslav and Jozef Santus in Martin in 1990. The founders loved books and were putting their efforts to have satisfied customers in their bookshop. After some time the word 'Martinus' became a synonym of bookshop for local people. The Santus brothers had an idea to make the offer of the bookshop available for more people who are not from Martin and technology has made it possible. In 2000, programmer Michal Meško joined the Santus brothers and they started to build online bookshop with an aim to become the best e-shop on Slovak internet. Web page of the bookshop www.martinus.sk was launched in 2001. This online shop was based on years of experiences of Martinus owners. As the technology and this way of selling were new, together they were learning how the online shopping works (Martinus.sk, 2011b). Miroslav Santus told their online business was profitable even in the first year of operation (Valášek and Malý, 2003). Online bookshop was expanding and needed still more and more space than the 10 m² room where it started in 2001 (Martinus.sk, 2011b).

Online sales were increasing and after few years online business overwhelmed brick and mortar Martinus. This was a time when owners together with their young programmer M. Meško made it a separate company (Trend, 2011).

In March 2006, private limited liability company Martinus.sk was established by trio – Jozef Santus, Miroslav Santus and Michal Meško (Ministry of Justice of the Slovak Republic, 2012).

We will for simplicity, from now on, use just word “Martinus” as its name in our work.

2.1.3 Slogan, Mission and Values of Martinus

The very first information that helps to understand what company is about and what its aims are, can reveal slogan, mission and values of the company.

Slogan of Martinus really suits to what the subject of their business is. Slogan of the bookshop is “Tisíce príbehov. Jedno kníhkupectvo.“ - **Thousands of stories. One bookshop.**

Mission of the company is - We bring the best stories and fantastic services for life being even more beautiful. (Martinus.sk, 2011a) This market-oriented mission says that people from Martinus focus on satisfaction of customers providing very good services and make them happy thanks to books. Moreover, it reveals their love and knowledge about books as they need to know them in order to choose the best ones for customers.

Many things they do in Martinus till today come from fundamentals set by Santus brothers twenty years ago. They wanted customers to have a good feeling when leaving the bookshop, explained M. Meško (Trend, 2011). Today the bookshop continues with this aim and how they do this can be better explained by the values of Martinus.

Martinus has 3 values that has and wants to have in every single activity it does. The values, characteristic for it, are “**vášeň, človečina, wow!**“ – passion, “humanity” and wow!.

First value – passion means they love what they do from the very beginning. They put their heart into everything, from the slightest details to the greatest things. They work on 110% and try not to waste a day that gives them a chance to be even better. They are proud of and value what they have built together. They are not afraid to make changes and mistakes as they know that it is the only way to move further on their way. From customer to customer, story after story. By this value they say Martinus is a place where dreams can get wings.

Second value “človečina” is a bit hard to translate but we can say it means humanity in slang. This value represents belief of Martinus that each of them is unique but together they are one big team. They respect each other because they believe each of them is unique in some way and can inspire great things. They say they are aware that without honest communication it will not work.

People in Martinus know what it means to be a professional but also say that spice is the humor of life.

Through this value people from Martinus want to say that when they make a mistake, they admit it. When they see a problem, they look for a way how to solve it. When they can help somebody, they do it because they know their success is common. They are proud of who they are and what they do (Martinus.sk, 2011a).

However it is not only about people working for Martinus, the value is also connected with customers. Martinus people would like to give people purchasing on their web page a feeling of shopping in “brick shop”. Want to give them that feeling of personal contact (Martin Štrba and Tomáš Hajzler, 2012).

This value can be also seen in the words of Michal Meško who said that they could have copied Amazon when started their online shop. However, the shop may be would not have been used by people so much. According to him, customers must have a feeling they buy books online but beyond it are people while computers are only medium (iŽurnál, 2008).

Last value is wow!. They took this word from English language as they love the moments when people say “wow!”. Thanks to these moments they together make a better place for work and life from Martinus. This value means that everything they do, they try to do it the best. They do not consider customer for granted and believe smile can be heard in the phone. They enjoy bringing joy to people around them and to themselves as well. People from Martinus are glad to make lives of people of greater value even by the smallest things. (Martinus.sk, 2011a)

They want to make customers pleasantly shocked. Make them say “wow”. Martinus wants to create from purchase an experience. (Štrba, 2012)

According to us, this is a good way how to leave a positive feeling in customers and be remembered. This can strengthen brand of Martinus.

Moreover, this value means for people from Martinus continuous improvement, to overtake themselves. They do not want to improve by coping from competition. Martinus rather improves things in its own way (Martin Štrba and Tomáš Hajzler, 2012).

We can say Martinus is in some way different. Not only because of their values but in this bookshop they do not consider books as ordinary things, as usual goods. They see stories behind the books and not just the written ones (Blažej, 2011).

To sum it up, values of Martinus are inside the company among employees. All three values represent what they think and how they feel. We can say Martinus has customer centric business culture. Values can be seen on the way of handling of Martinus with customers and its attitude towards them. When you enter their retail shops you can almost sense the values. It is something you feel throughout the bookshop.

2.2 Analysis of macro-environment, PEST analysis

Macro-environment is an environment in which any organisation operates. It provides opportunities and poses threats. As it can influence the whole organisation we consider important to analyse it. PEST framework offers insight to external macro-environment of company's country of activity. This framework is a basis for analysis of political, economic, social-cultural and technological factors of the macro-environment that can influence the company and its strategies (Johnson et al., 2011).

2.2.1 Political factors

Slovakia, a member of the European Union, is a country with parliamentary democracy. Head of State is the President Ivan Gašparovič and the head of the government is the Prime Minister Robert Fico. Political environment is generally good (globalEDGE, 2012).

Last year 2011 government led by Iveta Radičová of the Slovak Democratic and Christian Union-Democratic Party (SDKU-DS) was changed by snap parliamentary election in March 2012 for government led by Robert Fico of the Direction-Social Democracy (Smer-SD). Leader of the new party presents himself as the welfare state defender. Shortly after the election, the new Prime Minister emphasized he plans to continue in his predecessor's aim to bring the government deficit below 3% of GDP by 2013. This will be a challenge as the deficit is expected to be around 4.6 % in 2012. New government, from April 2012, plans to make necessary changes to lower the state debt.

Economic conditions in 2012 force Fico to make big decisions how to lower the government deficit. At the beginning of 2012 Standard & Poor's and Moody's agency downgraded sovereign rating of Slovakia as the financial crisis has had its impact. Although the main driver of the downgrades was the external situation the agencies will carefully watch the moves of the new government on the fiscal front. Government should avoid any backsliding on budget-deficit targets as it could cause further downgrades and sanctions from the European Commission as well. The new government endeavours to assure markets about fiscal austerity commitment.

Slovakia needs to meet its targets for the public finances consolidation. Before election popular party has to make unpopular measures necessary for fiscal consolidation This means possible changes in some laws and rates. The Prime Minister introduced the idea of higher taxes for banks, the most profitable companies and the wealthiest Slovaks. Government's policy approach will partly influence the near-term economic outlook for Slovakia (EIU, 2011; IHS Global, 2012b). Slovak Republic as a member of the European Union has to accept its laws. Some regulations are focused also on business environment. This makes companies in Slovakia obligatory to operate in accordance with Slovak as well as European laws. Some can represent certain security and freedom others can be limiting.

There is some uncertainty about the future legislation that regulates retailing. Former conservative party SMER, which returned to power this year, adopted the law regulating retailers' activities in the past. In these days, retailers are afraid of similar

laws to be adopted in next four years that could in some way harm their businesses (Euromonitor, 2012a).

Laws and regulations concerns not only brick and mortar stores but e-commerce also.

Online business has its own rules that retailers must follow. They have to behave in accordance with these rules which should protect customers. According to Danuša Krkošová, spokeswoman of the Slovak Trade Inspection, main is the law on electronic commerce and law on consumer protection in mail order and doorstep business (Uhrin, 2009). In doing a business it is really important to follow the rules and monitor any changes otherwise penalties can occur.

2.2.2 Economic factors

Slovak Republic has mixed economic system with government regulation, export-based economy, centralized economic planning and variety of private freedom. In general, the business environment is good and secure for companies although sometimes difficulties can occur (globalEDGE, 2012; Euromonitor, 2012a). Slovak economy, like other countries, was impacted by global financial crisis and economic downturn (Euromonitor, 2010). Performance of the country is linked to the performance of its business partners which are mainly Germany, the Czech Republic and France (Euromonitor, 2012a).

As Slovakia is the member of euro zone, in general country is sheltered from exchange rate risk. Slovak economy depends on foreign demand as export of goods and services represents more than 95% of GDP (globalEDGE, 2012).

One of the basic characteristic of the country is its Gross Domestic Product (GDP). Last two years of Slovakia are not the best ones, as the real GDP % growth was declining although it was at least certain growth as you can see in Table 1.

Table 1 Real GDP % change (Adopted from IHS Global, 2012a, p. 5)

Real GDP (% change)				
2009	2010	2011	2012	2013
-4.9	4.2	3.3	1.3	2.5

Next indicator of economy of the country is inflation. Slovak inflation in terms of consumer price index is projected to moderate in this year after being 4.1 % in 2011, see Table 2.

Table 2 Inflation as consumer price index (Adopted from IHS Global, 2012c, p. 12)

Consumer Price Index (% change)				
2009	2010	2011	2012	2013
0.9	0.7	4.1	3.5	2.7

Each country has its weaknesses and the Slovak one is, among others, high unemployment rate which was 13,5 % in 2011 (globalEDGE, 2012).

Amendment to the labour code valid from 2012 was designed to improve the flexibility of the labour market. It should reduce administrative and financial burdens on employers and make hiring new staff easier for them (EIU, 2011).

Annual disposable income in Slovakia was US\$ 55.50 million and US\$ 60.73 million in 2010 and 2011, respectively. For year 2012 it is US\$ 60.04 million (Euromonitor, 2011).

One big change for people in taxation was introduction of higher value added tax (VAT). Since 1st January 2011 is valid VAT increased from 19% to 20%. Higher excise taxes drove up energy and oil prices, and consequently raised commodity prices (Euromonitor, 2012a). It is good that at least the reduced rate of 10% for specific articles like printed books remained the same. However, e-books are charged 20% VAT.

Logically, these increased prices have impact on consumption of households in negative way. Household consumption growth is expected to recover in 2013 after its weak recovery in 2011. As labour conditions improve and credit provision increases, the household consumption growth is anticipated to settle at around 2.9% per year in period 2013-2016.

Table 3 Economic growth in % (Adopted from EIU, 2011, p.8)

	EIU estimates in 2011	EIU forecast for 2012	EIU forecast for 2013	EIU forecast for 2014
Private consumption	0.6	0.7	2.9	3.2
Government consumption	-0.5	0.3	0.8	2.0
Domestic demand	2.1	1.2	3.3	3.9

According to data in Table 3 we can see a positive prognosis for private consumption and domestic demand as well what is good for Slovak companies. However, external impact on some prices can have negative impact on companies as it can increase their costs. In 2013-16 oil prices are expected to rise and energy prices similarly.

One of the recent changes in economic environment, specifically in taxation, is banking tax. Since 2012 in Slovakia started new banking tax which obliges banks to pay a tax of 0.4 % on corporate and uninsured primary bank deposits (EIU, 2011).

This new tax changes the attitude of banks towards clients. Result is fewer credits for households so that fewer credits into economy. This means slower economic growth and fewer job opportunities. Companies will not be able to afford investments (Kláseková and Vavrová, 2012).

It is obvious that economic factors and environment influence companies in positive and negative way.

2.2.3 Social-cultural factors

Each country has its demographics, culture, habits and certain trends that are characteristic for it and the most frequent among people. Country at the heart of Europe has population that is getting older. **Ageing population** of Slovakia is its most significant demographic trend. In Slovak Republic the retirement age was raised to 62 for both, men and women. It is to be implemented gradually by 2014. Result of ageing

of the population is an increasing importance of the retired segment in Slovakia as a consumer group. Considering the level of purchasing power of this age group, it is not as high in comparison with their Western European counterparts. Slovak **pensioners** search for value of money what forms the purchasing behaviour of many of them. Majority of pensioner income is typically spent on food, other basic consumer products and health-related products. They are price sensitive, tend to visit discount stores and prefer traditional markets with fresh vegetables and fruit. Popular pastimes of pensioners are gardening and DIY. They like to buy presents to their grand children if they can afford them (Euromonitor, 2010).

Other characteristic of Slovak population is level of birth rates which is falling. In these days, many women prefer higher education instead of becoming a young mother. They decide to pursue higher education or professional career, and to get married and have children at later age. In Slovakia, first marriage postponing has created increase in consumer segment of single Slovaks. Latest trend of the past few years in Slovakia is that slightly more than half of the Slovak households have one or two inhabitants. We can see a trend towards having fewer or no children. Overall population with fewer children and young people means lower demand for toys, games, children's clothing and footwear. Although volume sales of such items are expected to decline, value sales are expected to grow as parents tend to spend more money on the fewer children. As parents consider benefits to their babies, they are willing to pay a higher price for a guarantee of high quality of products for their children. Number of **children** of young employed mothers that visit kindergartens is growing. In recent years, children spend more time visiting hypermarkets and shopping centres with their parents. This develops their shopping habits at early age and increases purchases frequency in child-related sectors.

As number of children that grow up is lower, a number of **teenagers** declined during few past years. Many of them take on part-time or seasonal employment what increases their financial independence quite significantly. Although number of consumers in this age group is lower, their purchasing power and its impact on consumer markets is higher. They are very sensitive to social changes, loyal to brands, respond to fashion trends and their style and taste in clothing, music and leisure activities is influenced by

magazines and other media. Strong influencing factor of teenagers is peer pressure. They like to socialize, frequently use the Internet, social networking sites and chat rooms. They tend to spread the word about their experience, satisfaction or dissatisfaction with a product or service. Important communication medium for teenagers is word-of-mouth (Euromonitor, 2010).

Slovakia has positive development in education. One of the main items connected with education that parents and students need to buy is books. The level of education attained in Slovakia has nearly always affected the average level of annual disposable income. It is expected that consumer expenditure on education will exceed EUR 1 billion by 2015. As for most positions in business a Masters degree is required, more and more young Slovaks are seeking to enter university and obtain degrees. This growing segment of **students** is worth paying attention. They need different study materials, prefer eating outside, often visit cafés, bars, clubs, theatres, cinemas, concerts and music festivals. In case they cook at home, it is usually something fast and simple. Usually, they find acceptable lower-quality products except laptops that are popular among students and useful for studying and entertainment. Students travel quite frequently, preferring low cost methods. Although students are price-sensitive consumers, they also spend a lot of money on enjoying the life. High amount of students work on part-time to supplement their income and become lesser financially dependent on parents. With increasing financial independence they open bank accounts. People with higher education tend to belong to higher-income groups, like managers and skilled professionals, in the future (Euromonitor, 2010). Higher income means higher disposable income for consumption.

People in their twenties usually have just graduated and enter the labour market. Starting with not very high income that tends to increase with gaining experience they live in shared apartments quite frequently. They still spend a lot on socializing, leisure activities and entertainment. Importance of their appearance increases demand for footwear and clothing (Euromonitor, 2010).

People in their thirties usually settle in their career and begin establishing families. There is a change in their expenditures. These are higher and instead of spending on

hobbies, entertainment and travelling most of their income is spent on household and children (Euromonitor, 2010).

Middle-aged adults represent the largest consumer group. Usually, they are settled in their lives, their children go on universities and after few years parents do not have to financially support their children as much as before. This means that middle-aged adults can keep and spend more money for themselves. They spend more time doing their hobbies. They prefer cooking at home and eat out only rarely (Euromonitor, 2010).

In general, most popular leisure activities of Slovaks are watching and participating in sport events, going out for entertainment to cinemas, theatres and concerts. They prefer doing sports like skiing, tennis, playing football and watching ice hockey, football and tennis on TV as well as at stadiums. They also like dining out at bars, cafe and restaurants although it is not a case of regularity. Crisis-affected consumers got used to eat out less often and when they do so, they decide to choose less expensive options. In summer months are common BBQ parties with family and friends. People enjoy also staying in watching TV, listening to music or reading (Euromonitor, 2010). Women prefer contemporary novels, men like detective stories and thrillers, children and youth are into girls' novels and fantasy literature. This current trend was launched by books like Harry Potter, Lord of the Rings and later on Twilight saga, says Šebesta (TASR, [2012a]).

Time spent inside the home and outside is related to the lifestyle changes. More and more Slovaks consider shopping and spending time in shopping malls to be a leisure activity and it is becoming a new hobby. According to more and more Slovaks, one of the good ways of spending free time and socializing is going to shopping centres and shopping there. They spend there mainly the weekends. Thanks to malls' welcoming by Slovak customers, they account for a high proportion of consumer spending in Slovakia. Town centres are becoming filled with more stores offering luxury and high-end products and services as retailers are moving their stores towards shopping centres (Euromonitor, 2010). Discounts and special prices play an important role for people in choosing of shops (ČTK, 2012).

What affects **consumer behavior** in Slovakia is uncertainty. Consumption habits of young Slovaks are influenced by job insecurity to which they are likely to be exposed. Economic slowdown impact can be felt most heavily in less developed regions of Slovakia (Euromonitor, 2010). In Slovakia, consumers look for, compare and educate themselves regarding the products they plan to buy (Euromonitor, 2012a).

Slovaks are quite familiar with today technologies and their advantages for them. **Modern technologies** are used by more and more people in Slovakia. Latest trend in mobile phones is smartphone (Euromonitor, 2010). According to research of Mediasearch agency, almost each Slovak that has access to internet, uses it also for shopping (Šlesar, 2010) Online retailing in Slovakia is increasing and it is expected to continue to grow. Slovak e-shoppers value lower prices, home delivery, time saving and comfort of ordering from home. The Internet helps people in the decision-making process by providing them with information about the products (Euromonitor, 2010).

Majority of active internet users use it mostly at home (Takáčsová, 2010).

There was high increase in the number of internet users starting from 507 000 in 2000 augmented to 2.77 million in 2008. In 2008, 30% of Slovak households had internet access. In recent years, the use of computers and the internet has continued to increase in the households. According to Eurostat, internet banking was used by 24% of Slovaks in July 2009 (Euromonitor, 2010). This growing trend continued following years.

Based on survey of agency TNS SK done in March 2012 it was found out that the internet in Slovakia is actively, at least once a month, used by approximately 59.4% of population (Takáčsová, 2010). The most numerous age group from 20 to 29 years enlarged in April 2012 and reached amount of 707 000 real internet users (SITA, 2012). According to survey, services of online shops use rather men, young, educated people and businessmen (Šlesar, 2010). Internet is not used rather by people over 50 and respondents with lower education (Takáčsová, 2010). Certain increase was also in category from 70 to 79 years old people who represented 14 500 users of internet in April 2012 (SITA, 2012). Compared to nationwide average internet is used rather by people in age from 18 to 39 years and respondents with higher education (Takáčsová, 2010).

Internet brought to the country online shopping and thanks to information technologies e-commerce started its life in Slovakia. Although distrust towards online purchases is one of the barriers to e-commerce development, internet banking is increasingly used. Its popularity grows thanks to growing number of internet users and increasing trust in e-banking. Advantages like timesaving transactions, faster money transfers and the ability to monitor the account balance at any time encourage Slovaks to use e-banking (Euromonitor, 2010).

We can say Slovaks use computers, laptops and mobile phones to enjoy the possibilities of internet whether for finding information, paying the bills or online shopping.

Other way of shopping that is becoming increasing popular is shopping via mobile phone. Recent consumer survey found out that approximately 60% of all smartphone users would like to have the opportunity to purchase goods with their phones (Euromonitor, 2012b).

We can conclude that Slovaks are price-sensitive and getting older, like shopping and use modern technologies for online shopping.

2.2.4 Technological factors

Slovak Republic is not a country that wants to miss the advantages of modern technologies although numbers may say it differently. Technology changes rapidly, the newest computer bought last year is old today. Hardware and software develop at a high speed. For companies it is important to keep up with technological changes as old hardware or software is more likely for a failure what can cause a loss of very important information and data of organisation. They should prevent from offering outdated products and make affordable and practical versions of products.

According to J. Potočník, European Commissioner for Science and Research, latest statistics say that investment in research and development is 0.46 % GDP in Slovakia what is compared to other EU member states a low number. He added that country is on crossroads and good signal according to him is acceptance of Modernisation Programme Slovakia 21 (Štrpková, 2009).

Among technological advancements that country adopted in the past, one that we are interested in are information technologies and the Internet.

Inhabitants could have experienced development of new ways of communication, possibility to replace fixed phones by mobile phones, faster internet access, penetration of cable and satellite television (Euromonitor, 2010). Overall, there is increasing use of computers and laptops.

According the International Telecommunications Union internet penetration was estimated to be at level of 74% of all households in Slovakia in 2011. This high level creates opportunities for local and foreign online shops. Moreover, the rates of internet penetration are expected to remain stable and even with slight growth in the future (Euromonitor, 2012a).

Thanks to internet services providers people can access internet from their homes. They have also possibility to connect at public places via Wi-Fi or mobile internet almost anywhere.

We summarize the main opportunities and threats of macro-environment that may have impact on companies in Table 4.

Table 4 PEST – Opportunities and Threats (own elaboration)

Factors	OPPORTUNITIES	THREATS
Political	<ul style="list-style-type: none"> • Labour code amendment to improve employment 	<ul style="list-style-type: none"> • Slovak & EU laws and regulations • Government proposes new laws and changes old ones • Lowered sovereign rating by agencies • Austerity measures of government • Uncertain future regulation of retailing
Economic	<ul style="list-style-type: none"> • Good business environment • Anticipated improving labour market flexibility thanks to lower administrative and financial burdens on employers • Expected higher GDP growth • Lowering inflation projected • Expected higher household consumption growth 	<ul style="list-style-type: none"> • Almost whole economy depends on foreign-trade • High unemployment rate • Higher taxes • New bank tax
Socio-cultural	<ul style="list-style-type: none"> • Ageing population • More and more people tend to visit shopping centres • Almost all internet users use internet also for online shopping • Internet is used mostly by people from 18 to 39 • People would like to do the shopping via smartphones 	<ul style="list-style-type: none"> • Ageing population • People are price sensitive • People over 50 do not tend to use internet • Certain distrust towards online shopping is barrier for e-commerce development
Technological	<ul style="list-style-type: none"> • Increasing use of computers and internet • High internet penetration 	<ul style="list-style-type: none"> • Loss of data due old technology

2.3 MARKET ANALYSIS

Martinus as any other company operates in certain market. Sometimes it can be more markets depending on products and services and their way of selling them. As Martinus is online bookshop with 4 traditional bookshops, it belongs to book market, retailing and Internet retailing market.

Books, games, DVDs and other products that company offers belong to category of leisure goods what means they operate on dynamic market. This leisure goods market is strongly driven by the changing lifestyle trends. Interest of young people in the latest trends in sports equipment, games and music is the main driver of this market (Euromonitor, 2010). As Martinus is a bookshop we will focus mainly on book market although starting with retailing and internet retailing.

2.3.1 Retailing

Retailing in Slovakia is a growing market. It was pulled mainly by grocery retailers and Internet retailing which grew considerably in 2011 (Euromonitor, 2012a).

It is said that it is hard to do a business in retail in Slovakia. However, sometimes only a small thing can bring a success. According M. Meško, greeting a customer when he/she walks in can make a difference (Blažej, 2011).

There is severe competitive environment between retailers in Slovakia. They try to meet demand of consumers and expand across the country. They fight for every single consumer. Good for them is that there are still many conservative supporters of store-based retailing who are unwilling to wait for delivery of a product and prefer to obtain it immediately even though they may have to pay a premium for it. Retailers allure them into stores with many discounts and dumping prices on certain goods. A key role in attracting consumers into stores will play loyalty programmes. Within the retailers' communication strategies a higher attention is put on these loyalty programmes. For growing number of consumers the factor of choice is the price. Expected tightening of competitive environment is likely to bring innovation and change. There is higher possibility that Internet retailing will cause the closure of some local retailers (Euromonitor, 2012a)

2.3.2 Internet retailing

It can be seen that within retailing the most dynamic channel is Internet retailing (Euromonitor, 2012b). Currently, it is one of the fastest growing channels in Slovakia. Slovak Association for Electronic Commerce (SAEC) considers year 2011 from point of view of internet sales as very successful. Sale of goods and services via internet has increased by nearly 15 % in 2011. In online shops cetelem.sk, mall.sk, martinus.sk, pelikan.sk and some others was the value of sales turnover higher by 17.7% than in year 2010 (SAEC, 2012).

Competition “ShopRoku 2011” – shop of the year 2011 found out that the most popular e-shops were online shops with perfumes, books, electronics and department stores with wide range of goods (Fusion, 2011).

In the first quarter of year 2012 Slovaks made online purchases mostly of clothes, books and white goods (TASR, 2012b). In the first half of 2012 sales revenues of asked shops increased from 5 to 40 per cent compared to the same period one year before. We can say it is really good trend. According Jozef Dvorský, CEO of SAEC (Slovak association for electronic commerce), the positive trend will affect the whole online market (Kušnířová, 2012).

We can see increasing number of consumers shopping online as they have a number of reasons for it like lower price, convenience and wider variety of products (Euromonitor, 2012a).

Results of various researches show that online shops are positively evaluated in Slovakia. More than 90% of people that have already used some e-shop evaluated the level of e-shops as very good or good (24hodín, 2009). As consumers are becoming comfortable with purchasing online, number of e-shoppers is increasing.

There is expectation that retailers will continue to expand and develop their online presence and will compete for increased sales through the Internet. Internet retailers are able to offer lower prices as they are not burdened by the same costs as retailers in brick-and-mortar shops (Euromonitor, 2012a). E-commerce sites increase in number and high-speed internet connections grow. This will impact the channel in a dynamic

growth way. Number of new shops and generated turnover in e-commerce is projected to grow quite significantly. Larger portion of market share will be captured by internet retailers (Euromonitor, 2010). From point of view of existing businesses this means new potential competitors. Among internet retailers where the competition will intensify the most, there are loyalty programmes expected to be seen (Euromonitor, 2012a).

Although online shopping is growing and range of offered products in e-shops is widening, there are still some barriers for its development. One of the biggest barriers for **e-commerce development** is still certain distrust of consumers towards online shopping and online payments (Euromonitor, 2010). They are afraid of quality frauds of the products. However, online shops with long tradition like Hej.sk and Martinus.sk are successfully fighting against this distrust (Šlesar, 2010).

Good solution for e-shops afraid of the development barrier can be to gain SAEC Safe purchase certificate. After a successful passing of certification process that evaluates the e-shop, it obtains the certificate. Safe purchase certificate SAEC means guarantee for e-shop customers and liability for internet businessman that online shop meets basic certification rules of safe and without problems purchase. The certification rules are set by Slovak Association of Electronic Commerce (SAEC) based mainly on Civil Code, Law on Electronic Commerce, Law on Consumer Protection, certification rules in countries of the European Union, Directives of European Parliament and Council of Electronic Commerce. These rules require providing customer with enough information necessary for purchase decision and making safe purchase. They do not burden a business with superfluous requirements. Certified shops are regularly controlled for meeting the certification rules (SAEC, [n.y.]). In March 2012, 92 online shops were certificated. This SAEC – Safe purchase helps in internet retailing development and to gain consumers' trust (SAEC, 2012).

Having this certificate can have positive effect on potential customers of online shops. Despite this, in the longer term consumer behaviour is not expected to be changed significantly by Internet retailing as there are still some people who prefer brick and mortar stores (Euromonitor, 2012a).

Increasing shopping online brought one problem. According to many people, online business harms traditional brick-and-mortar shops (Kušnířová, 2012).

However, we can see that businesses found a solution. The **latest trend** that companies adopt is a **combination** of traditional trade with e-commerce. On the one hand, brick-and-mortar shops that have strong brand recognition enter e-commerce. Another possible scenario is that brick-and-mortar stores have to lower their prices to remain competitive with e-stores and to retain customers. On the other hand, e-stores increasingly set up traditional stores (Euromonitor, 2010). We consider this combination of online and offline business essential for success in these days.

2.3.3 Book market

Media products like music, video games and books are gaining popularity at high speed (Euromonitor, 2012a). In 2011 stores's sales of media products grew by EUR 4 million. It accounted for growth of only over 1%. Overall in this year the retailers could see stable sales. Although bookshops recorded some slowdown in 2011, books are bought by 33% of e-shops services users (Euromonitor, 2012c; TASR, 2012b).

This product is available in hypermarkets, shopping centres and by high street retailers. However, more and more people choose online bookshops for purchase of books, state electronic bookshops operators. According to Michal Meško the risen interest of people to buy books via internet is also caused by sharp acceleration of popularity of internet shopping among people in last few years (TASR, [2012c]).

In these days, books are really more frequently bought online, but people like also shopping malls, and traditional shops. Some bookshops and other stores are aware of this trend and take an advantage of it. They in addition to their traditional shop sales sell their products online (Euromonitor, 2010). This increases number of competitors.

To have wished sales it is good to know what is important in book selling. Determining factor in selling books is price. It has quite important role. In Slovakia, books are relatively cheap but people are price sensitive states Meško (TASR, [2012c]).

Level of sales of the books depends also on time of the year. Book market characterises seasonality. Paradoxically a bad month is March, month of book states Ševčíková. It is

the time when publishers, merchants and libraries organize, more often than usually, events focused on popularization of reading and literature. In general, the best selling of books is few months before Christmas (TASR, [2012c]). From point of view of sales, number one among book e-shops is probably Martinus (Czwitkovics, 2012).

In general, the best-selling is fiction according to Meško. He adds that successful are teenage sagas like Harry Potter and Twilight, and Slovak detective stories, especially those written by Dominik Dán (TASR, [2012c]).

In the past, sci-fi and fantasy literature was only in smaller bookshops and in limited amount. Internet was because of that the only acceptable economic way how to gain this kind of book (Záborský, Horváthová and Jesný, 2006). Currently, the situation is much better.

According to largest publishers the best selling books of year 2011 were book titles from Evita Urbaníková, Táňa Keleová-Vasilková, Katarína Gillerová and Maxim E. Matkin. Winners of the last year were female authors and topic of relationships. From this is obvious that women read more than men (Čížová, 2011). According to Meško, there are increasing sales of motivation and popular science literature as Slovak publishers started to bring on the market translated literary works about business from abroad (TASR, [2012c]).

The two phenomena of recent times are online shops and e-books. Electronic books are books that you can read only on some devices, mainly on the e-book readers. The advantage is that this device can store dozens of books and you do not have to be worried about weight and size of the books like in case they are in printed form. E-books are provided in various formats. The most frequent are PDF and EPUB. PDF is widely spread format that almost authentically copies the format of classic printed books. EPUB is open standard of electronic publication that is optimized for reading on screens with various sizes and resolution to use the maximum of display area (Kuchár, 2011). Content of e-book is usually secured by some technology. The most frequent copyright protection is Adobe DRM(digital rights management) and enables reading of e-books on the widest spectrum of devices (Martinus.sk, 2000-2012b).

With continuing digitalization and using of tablets and internet, the way of reading habits of Slovaks is changing. Several bookshops agree that there is an increasing sale of electronic books. According to Michal Meško from Martinus the sales of e-books which they launched in December 2010, are rapidly growing month on month and year on year (TASR, [2012d]).

Younger generation sees electronic books as progressiveness and modernity, older generation is impressed by ability to change font size. Meško anticipates increasing portion of electronic books on the market. He estimates to reach 30% of total book sales in the horizon of five to seven years. Amount can change depending on determining factor that can be the price. Although the price of electronic books is currently approximately by 20 to 30 % lower than the price of printed books, people can be discouraged by higher prices of e-book readers (TASR, [2012d]). E-books can be read on e-readers. Quality of displaying of text on e-readers is ensured by electronic paper. Optically, the electronic paper looks like ordinary newsprint paper what is the key feature of e-readers. The essence of electronic paper is e-ink that is used to display the letters and signs. So far there was only black and white e-ink but E-Ink company introduced colour version of electronic ink recently (Kuchár, 2011). We can look forward having colourful e-readers on Slovak market sometime in the future.

Based on the review of market of e-readers we can say there are few features of e-book readers that differentiate them. The most important is the format of file that the reader supports. Next features that people look at are screen size, battery life, size of internal memory and others.

We can divide e-book readers into two categories. First category includes e-readers linked to specific business model of electronic books sale. There belong Kindle e-readers that are products of Amazon. Nook e-readers are linked with Barnes and Noble bookshop. iPad can be considered as reader as well and it is linked to the e-books section of Apple store.

Second category represents universal readers of electronic books where belong Pocketbook, Jinke Hanlin and Bookeen. E-books can be loaded into these readers through USB or SD card (Čítačky kníh, 2012).

Reading of e-books is not limited on use of e-readers. Electronic books can be read also on computers, laptops, tablets, PDAs and smartphones which support specific formats and protection of e-books.

2.3.4 Competition

As in any other market, competition is also in the book market. The basis of competition in book business is added value – services that should make customers stay in the retail shop. It can be a possibility to sit down, flip through more expensive books or browse a book in the shop having a coffee (Záborský, Horváthová and Jesný, 2006). These are just a few examples how to keep a customer in the shop.

Location of a bookshop is one of the very important factors. Bookshops compete in town centres and shopping malls as well. Most of the books is sold in big shopping centres. Reason is concentration of people. Shopping malls visitors are more in a mood to purchase (Záborský, Horváthová and Jesný, 2006).

However, competition exists also among online bookshops. According M. Král, director of price comparator, the most successful e-shops are those that make big investments in building its brand. M. Meško states that brand is not a company which people know but the one they like. Their brand is strong because those who know it have a very positive attitude to it (Mravčák, 2012). We can say that his attitude is quite good as thanks to it they are the most popular online bookshop because people like them. Being a brand means to have a competitive advantage and Martinus definitely has it.

M. Meško (Trend, 2011) from Martinus is careful in evaluation of competition. He highlights its raising of book sales culture. His colleague M. Štrba (2012) considers for their biggest competitors Panta Rhei and TKLibri. He explains they have two views on competitors. One is that it makes them to try to do things harder, to move further, it pushes them to be better. Second view is that they damage the market, they make debts. Moreover, competitors many times copy their ideas and steps which they make to attract customers. As they copy Martinus, innovative attitude is the way how the bookshop tries to win.

Panta Rhei has its e-shop and retail shops as well. Panta Rhei is still quite new in online business so it does not represent such a big threat for e-shop of Martinus. Offer of Panta Rhei consists of books, audio books, diaries, calendars, postcards, coffee and other products. They do not sell electronic books what lowers the competitive threat of this bookshop for Martinus. Different it is with prices, these two bookshops have quite similar prices so there is a price competition among them.

Today, online shop is not enough, traditional bookshops are important as well. Company has 27 bookshops and majority of them is in shopping centres (Panta Rhei, [2012]). Panta Rhei relies on advantage of shopping centres that is concentration of people and their buying mood (Záborský, Horváthová and Jesný, 2006).

Recent news show that having a bookshop in shopping centre is not enough. There are very high rental costs and suppliers want money for their goods. Bookshop owes significant amount of money to some of its publishers since Christmas what made them angry. At the end of July suppliers of Panta Rhei put a proposal for bankruptcy of the company on district court of Trnava (Nový Čas, 2012). We will see how the bookshop will deal with it.

Panta Rhei and Martinus used to fight for the first position on the book market. They were always interchanging who was on the top position. In 2011, Panta Rhei bookshops were the leader among media product shops (Euromonitor, 2012c). From our point of view, this possible bankruptcy problem will have impact on their brand image. We will see how the situation evolves after the recent news about bankruptcy.

TK Libri is another competitor of Martinus. The bookshop started with online shop but it is very bad in this online business. Although it promises significant discounts on books, the web page does not even provide visitors with information whether the chosen book is in stock or can be picked up in chosen retail shop (Augustín, 2011a). In visual terms, e-shop of TK Libri is worse than the e-shop of Martinus. According to us it does not make customers to return there. TK Libri definitely does not gain the loyalty of customers thanks to the web page. Additionally, the bookshop does not offer e-books. According to us TK Libri is for Martinus competition and threat mostly in number of retail shops. It has more than 40 bookshops in Slovakia.

Martinus competitors in electronic books are Gorila.sk, Rajknih and Artforum and some other smaller bookshops. As the market of electronic books is still at the beginning and Martinus started with e-books two years ago we consider the bookshop to be in better position than its competitors. According to us bookshop from Martin has a chance to be a big player on market of electronic books if it focuses on it.

To sum up analysis of market and competitors we prepared a Table 5 showing threats and opportunities.

TABLE 5 Opportunities and threats of external environment (Source: own research)

Opportunities	Threats
<ul style="list-style-type: none"> • Growing retailing market • Dynamic growing of internet retailing • Loyalty programmes • People like e-shops offering perfumes, clothes, books and white goods • People have positive attitude to Slovak e-shops • SAEC Safe purchase certificate • Slowly growing sales of media products • More people buy books via internet • Increasing sale of electronic books • Slovak authors becoming popular • Location of bookshop • One competitor was proposed for bankruptcy • Web page of bookshop 	<ul style="list-style-type: none"> • Leisure goods market depends on changing lifestyle trends • Strong competitive environment in retailing • Increasing number of e-shops • Consumers distrust to online shopping – barrier to e-commerce development • Trend of traditional bookshops to start offering their products online as well • Seasonality of book market • Price • Location of bookshop • E-books readers – availability and features • Web page of bookshop • Competitors copy steps and campaigns • Number of traditional bookshops of competitors

After analysing macro-environment we move on the analysis of micro environment, meaning company and internal factors.

2.4 Analysis of Martinus

Bookshop with long and successful history that we are dealing with in our work is Martinus.

Although Martinus is online bookshop, people who like to hold a book in their hands before they buy it, does not have to be sad. Customers who prefer to touch and see in reality the product which they plan to buy can do so. They can visit any of four Martinus bookshops located in Martin, Bratislava, Nitra and Žilina (Šlesar, 2011). Moreover, Martinus entered the Czech market but we are not going to deal with it in our work as we are interested in Slovak market.

M. Meško and Andrea Mešková, head of retail shops of Martinus, see the brick and mortar shops of Martinus as enrichment for their online sales. According to M. Meško and A. Mešková, “brick“ bookshops helped them to be again in personal contact with their online customers in some towns. Moreover, they found out that mostly in the cases of the biggest best-sellers the power of traditional bookshops is enormous (Augustín, 2011b).

Considering the total turnover, their retail shops can make very nice numbers. On the other hand, on the internet they have quite strong long-tail. Martinus has success offline in traditional bookshops as well as online in e-shop.

These two parts of Martinus are not so distant to each other as they use one common network for communication. Communication between colleagues from online and offline parts of the bookshop is secured by Yammer. It is a network that is often called a company Facebook. This purchased network enables them to have in-house **communication network**. Basic things are communicated to employees via **Yammer**. Martinus uses it as corporate message board for releasing news, sharing ideas and discussing various topics and plans. Another way of communication in Martinus is more local. In the central they make company breakfast and each location, bookshops in 4 towns, has meetings in its own way. Managers and leading positions have friendly relations with all the employees. Overall, there are very good relations between colleagues. They even go together on holidays (Štrba, 2012).

In Martinus, they build all the relations to be fair at maximum so that company could grow and bring its value to employees and customers as well. According to us, good relations in a company create good atmosphere for work what is very important for cooperation and meeting company goals. Meeting a goal is a sign of success of any company.

One of the secrets of the online bookshop success is their **tailor-made system** of orders processing. Internet shop is running upon a system which was developed purely by Martinus (Martinus.sk, 2011b). This gives Martinus a **competitive advantage** in possibility to change the system and its functions exactly according their needs and ideas. Thanks to this, they can be always one step forward compared to their competitors.

Martinus all the time tries to improve processes inside the company. They attempt to continuously improve logistics in order to avoid any previous problems. They want their orders to be completed quickly, accurately and with high quality (Martinus.sk, 2011b). They put their efforts to provide **services at perfect level** (Štrba, 2012).

Great service means satisfied customer what is their aim since the establishment of the first Martinus bookshop in Martin. It is obvious that the quality of service is the matter of priority for Martinus. We can see they are quite successful in it and the proof can be still increasing number of customers' orders and their loyalty.

Company culture of Martinus is focused on customer (Štrba, 2012). Overall, Martinus put its efforts to have **satisfied customers** and provide excellent services. This gets them on the top of charts of popularity in Slovakia. Being one of the most popular eshops in Slovakia is not the only award of the online bookshop from Martin. According to M. Štrba it is not so rare that people make an effort to write them via email or through Facebook how they were satisfied with their order fulfilment (Nadácia Pontis, 2011).

Martinus really appreciates feedback from their customers. It is something they have a big interest in. This helps them to move further (Štrba, 2012).

Martinus gained hundreds of thousands of rewards that are much more valuable for them than some certificates and awards. These are their customers' orders (Martinus.sk, 2011b). It can be understood that customers like bookshop Martinus as there are more possible reasons. Except of providing great services they have a **personal approach**. M. Štrba (Nadácia Pontis, 2011) explains they see their way in people. It can be seen on their relations with customers and employees. People appreciate this added value. Martinus tries to have competitive advantage in this personal approach.

For personal approach are needed people and people from the company so that one of the next subchapters will focus on employees. Before that we firstly look at what Martinus has managed to achieve so far.

2.4.1 Certificates

Martinus was awarded few times. In 2006, Martinus was the first online shop in Slovakia to be given the certificate of quality - Slovak Gold. In 2008, they were one of the first to obtain SAEC Safe purchase certificate. Last year, 2011, was a good year for the company on certificates and awards as well. In 2011, Martinus was awarded by the certificate of quality Slovak Gold for the second time (Martinus.sk, 2011b). These were just a few examples of certificates gained by Martinus. Next subchapter will tell you more about recent successes of the bookshop.

2.4.2 Success of Martinus

Success of online bookshop Martinus started few years ago. One of the examples from recent years can provide public opinion survey made by media agency TNS SK and MEDIARESEARCH Slovakia in 2009. According to the survey Martinus was 4 months in a row the most frequently visited e-shop and at the same time the best rated e-shop in Slovakia in 2009 (24hodín, 2009).

The bookshop reached the top positions in many competitions and areas. We can say they got used to be number one always in something.

Next good example can be a fact that company was the first retailer in Slovakia offering complex solution for electronic books in 2010 (Šlesar, 2011).

Following year, Martinus managed to get into Deloitte's 2011 Technology Fast 500 EMEA (Europe, Middle East and Africa) ranking. 11th year of this ranking was based on revenue growth over the last 5 years and the online bookshop had 967 percent growth in sales. Martinus occupied 161st place. Very good position it gained also in FAST 50 in Central Europe where it reached 16th position (Žitňanský, 2011). This was not the only success in 2011.

Czwitkovics (2012) states Martinus is number one among book e-shops from point of view of **sales** as its last year sales overcame level of 9 million €. According to survey of Gemius from last year, online bookshop Martinus gained a title of the second most popular Slovak e-shop (Mravčák, 2012). Moreover, in this year the online bookshop gained Main Award for Small and Medium Enterprises for implementation of corporate responsibility principles from Via Bona Slovakia (Nadácia Pontis, [2012]).

We can see that the situation of Martinus is very good. It has been growing rapidly over the last years. It grows with market and is self sufficient in financing, revealed M. Meško (Blažej, 2011). Their profit is rather invested in company than distributed.

The bookshop is constantly strengthening its position by lot of activities. Its goal is not direct selling but rather brand awareness (Šlesar, 2010). They serve 15 to 20% of the market, so the rest 80% is opportunity. M. Štrba (interview) considers Martinus to be nowadays a **leader on the market**. We can say he is right as various articles support his statement.

In these days Martinus is the largest online bookshop in Slovakia according to visit rate and turnover. Monthly, it is visited by more than 600 000 customers. Martinus is for a long time known as the most favourite online bookshop thanks to its high quality services and customer support which is appreciated by thousands of customers every day (Šlesar, 2011). Activity and values of Martinus brought them customers and awards.

2.4.3 Organisational structure

Owners of Martinus are Slovaks and have 100% ownership so that it is purely Slovak company. We can say there are 4 levels in the hierarchy although it is not a strict system with one CEO who controls everything through a group of managers. Company as such does not copy usual structure of firms. They are rather friends than subordinates and supervisors. Martinus has 65 employees, approximately 10 to 20 people are long-term seasonal workers (Štrba, 2012). The organisational structure can look as follows Figure 4.

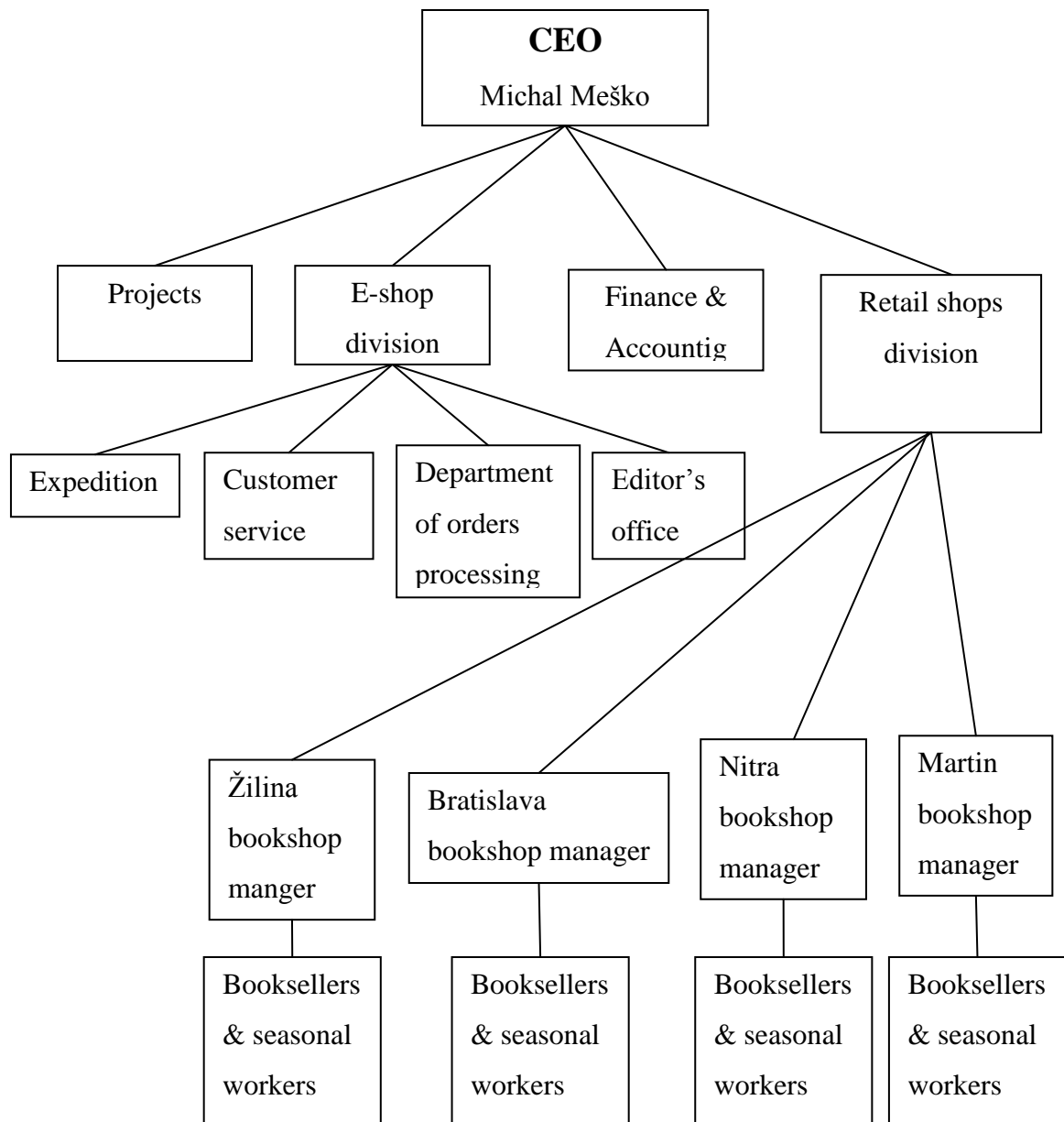


Figure 4 Organisational structure (Source: Štrba, 2012)

Martinus has 4 main divisions which are divided according to focus of their work on E-shop division, Retail shops division, Projects and Finance & Accounting.

Division of e-shop involves all online activities and operations of Martinus. Starting with articles on blog, updating and changing web catalogue, adding new items, announcing new competitions through dealing with complaints, solving customers problems to receiving online orders, packing and expeditions of goods.

Division of retail shops is responsible for the 4 traditional bookshops. It is the offline part of Martinus operations. When employees in bookshops or the head of the bookshop have some ideas or complaints they are firstly discussed with people managing retail outlets and then it moves to other divisions depending on what the issue is. Another possibility is to use Yammer to share the ideas (Štrba, 2012).

In Martinus the work of people is not strictly predetermined but everybody knows what is his/her responsibility and duty. Employees' tasks overlap and cumulate into multi-functions. An example can be booksellers of Martinus bookshops located in four different towns. It is them who know the best what is going on in their location. These local booksellers prepare proposals of posters and advertisement. They consult it with division manager and afterwards send it to division of projects for approval and printing (Štrba, 2012). By this is formed a group of people in Martinus that sees its work in broader context. Everybody know what is his/her responsibility. One example can be a person that is dealing with communication with customers via social networks. He is the Social Media Marketer of Martinus.

As you can see company does not have specifically marketing department but marketing as such belongs under division of Projects. In the bookshop they are not specialised, they have rather open attitude to it. Ten to fifteen people are dedicated to marketing in Martinus. Marketing is done by those who know how to do it the best while having other responsibilities. As they have also other tasks and responsibilities, their participating in working on marketing depends on that how busy they are (Štrba, 2012).

Missing separate department of marketing can be certain weakness of the company. It can happen that everybody will be so busy with other tasks that there will not be anybody with some time to focus on marketing issues. Company should really consider creation of marketing department.

Collective of the bookshop consists mostly of young people. According to M. Meško (Trend, 2011), it is good to have young people in the company because they can be formed and do not have bad work stereotypes. In Martinus, they are selecting their employees to have those who like the job. As Meško states, bookseller should be communicative, well-read and be a kind guide (Blažej, 2011).

He is quite benevolent in his attitude to employees. He does not care when they do their job as he likes people who can manage themselves and know what their common goals and values are. Although Meško gives people enough freedom, he admits he is a stickler for details what sometimes drives his colleagues crazy (Trend, 2011). However, we think that without focusing on details you cannot be the best.

Meško wants from his employees to do the things right, to try to create something new and to have satisfied customers (Trend, 2011). Actually, all employees are engaged in marketing activities of Martinus in some way (Štrba, 2012).

Martinus is a very nice example of a company where marketing is incorporated in the company as a whole in the meaning of people. They have integrated marketing.

2.5 Martinus and marketing

Today business with no marketing cannot succeed and Martinus is aware of it. However, they do not want to do marketing just to be doing it. They always want to achieve something by it. On the long-term basis Martinus focuses on positive brand awareness of Martinus. Company has a marketing goal which supports their main goal to be the best, not the biggest. Currently they serve 15-20% of the market. This supplementary goal is to flexibly react on situation on the market and to exploit offers that appear. In addition they are trying to be innovative in doing it and to bring new or unconventional forms of propaganda (Štrba, 2012).

For meeting a goal you need some plan. To fulfil marketing goal it is suitable to have marketing plan. Actually, Martinus does not have a formal marketing plan. Their plan concerning marketing is prepared for one year but fixed parts are just few. Their planned occasions are March – Month of book, International Children’s Day and Christmas. They have a list of actions they want to do like giving no postage fees, etc. This list of small and big issues is put into a certain time. They have planned calendar of campaigns. Rest of their activities in marketing that could belong under the marketing plan are rather spontaneous. Reason why they do not have a plan for every single marketing activity they will do through the year is dynamic and unpredictable changes and opportunities on the book market. They obtain so many offers that they can choose (Štrba, 2012).

Štrba (2012) continued in his explanation saying that it always depends on an offer and what ROI (Return On Investment) it will bring. The offer must have over 300 per cent to be taken without hesitation. If it is less than 300, they consider also other factors and advantages of it. Usually they decide based on experience. It can happen that they receive an interesting offer but the marketing budget is almost empty. When they see it can bring really profitable ROI, they take it. This reveals that Martinus is really spontaneous and flexible in responding on the opportunities.

We have to admit that detailed plan would prevent Martinus from flexibility which is very important for success on the market. According to us, it is good that Martinus organizes “plavík”. Štrba (2012) explained us it is a planning weekend through which they usually plan next 6 months. Moreover, Martinus makes plans which are set for one week for their offline operations.

We see this as a good attitude as thanks to their constant analysing of the market they can much more easily and much better think about and prepare good plans.

2.5.1 Customers data

Generally, for performing marketing with success you need data about your customers. Martinus is aware of that and analyses data about its clients.

Meško told they can track moves and purchases of the customers in the e-shop. Thanks to these data they can make better models in the future. It helps them to recommend their customers the most interesting goods for them. Statistics and data analysis can be used also for recommendation of books. It means that web page shows each client, throughout purchasing, different books that he/she might be interested in.

Meško explains that it is a subject of statistical patterns. He says they can achieve relatively good degree of probability that given customer can have an interest in this and that book. It is usually done based on information about previously purchased, evaluated and reviewed books. Then they compare these data with other customers and look for those with the most “compatible” taste. When they find such customers, they calculate expected preference of the book and anticipated evaluation of the customer based on percentage match of his and others’ profiles. The more books person read and the more people is involved into data, the higher is the chance for good result (Hlubina, 2010).

To sum up, Martinus knows how to use advantages of internet. We can say their know-how helps them to achieve satisfaction of customers what is their general aim.

2.5.2 Creativity

As there are more ways of spending free time there is a competition among them and bookshops as well. M. Meško explains they try to use creativity in sales to win. Creativity belongs to marketing, without it ads and everything would be boring. When you create something interesting you can be much more successful (Blažej, 2011). Company tends to use creativity to meet its marketing goal by bringing something new and innovative.

In Martinus, there is a place for creativity. They encourage their employees in creativity and to share their ideas via Yammer. Creative marketing of the e-shop influenced the rise of the company (Trend, 2011). It really moves them further. We can say creativity is connected with one of the Martinus values, the wow! value.

2.5.3 Marketing plan

Thanks to interview with Martin Štrba (2012) we understood how it works with marketing plans in Martinus. Marketing plan of Martinus in its rough form does not have exact and specific goals but they have marketing goals in general. It is in some way a rough plan.

For the purposes of their form of marketing plan company makes research, analysis and prepares plans. Martinus conducts its own regular surveys to analyse current marketing situation. They make regularly their own surveys of electronic shopping. To find out customer needs they use direct mail. After customers' orders fulfilment they send them questionnaire of satisfaction. Thanks to this they know how satisfied or dissatisfied their customers are. Feedback is the most important for them.

Martinus looks at factors that can influence customer purchasing. They consider mostly political and social factors. Martinus knows it is not worth to make online campaigns in the summer. Reason is that people spend most of the time outside through summer months.

They make review of main products in general. They use hard sell technique. There is a combination of more factors what makes it difficult to prepare a plan for the whole year. Company knows 1-2 months in advance what to anticipate. They see the situation and can set sales and prices.

Martinus makes review of its competition. They watch competitors but do not react by coping. Company rather makes different campaign than the competition.

Marketing plans are connected with an important element for realization of the plans – money. Štrba (2012) told us Martinus has a financial plan for one year although avoided saying an amount. Their budget is not in some form of profit and loss statement. It is just one gross amount and they take money out throughout the year. It provides them certain freedom. He explained they have rather open budget. Some big campaigns like,

previously mentioned, Month of Book, Children's Day and Christmas are given an approximate amount of money that will take from the budget. Whether other marketing activities can take place and spend some money from the budget depends on their ROI evaluation that we mentioned before.

What Martinus carefully monitors are the sales trends in their bookshops. They make a very good review of distribution watching which goods are sold, in what amount, what the news are, etc.

Preparation of their marketing plan does not include analysis of opportunities and threats, overall. They rather focus on specific issues. It does not influence formulation of strategy. It has rather impact on what they will do. Although their marketing plan does not include action programs except of those for the big events, rest of their activity programs is in more detail prepared through company planning weekends. Marketing plan including the big events gives answers to what will be done, how much it will cost and who will be responsible for doing it. Usually, there are many people involved but mostly those who are closest to it. They do not have specialists on marketing in the company so it is understandable that they from time to time opt for outsourcing to realize certain things.

Finally, one of the very important things for them is control and feedback. They always try to set measurable indicators. They evaluate everything. In the bookshops, they can count number of entrants. They know how to measure number of users at their web page. They compare number of users versus number of orders. Company can measure how many people saw ad or other issue and how many of them reacted. They make advertisements using PPC pay per click which can be assessed. They use printed coupons as it is traceable. All these indicators tell them how successful they are with given activity. It enables them to monitor the progress. When they see it is not working, they do not spend more time and energy on it. They stop it.

This is how they gain experience.

2.6 Analysis of marketing strategy of Martinus

Marketing strategy is usually a part of marketing plan. We asked Martin Štrba (2012) what is marketing strategy of Martinus. He told us they do not have it, they have attitude.

It is rather framework marketing strategy with knowing what and how they would like to do the planned campaigns and actions.

We are aware that it is not a good idea to group people into segments in the book market. The simple reason is that books are most of the time purchased by a person other than a final consumer. In most cases books are purchased as a gift. Although knowing it is not possible to make marketing strategy on the book market according to segments, doing an interview with Štrba (2012) we at least tried to identify steps of marketing strategy process.

We found out Martinus is able to make segments of customers according goods. We have given a closer look at how they do it in chapter Customers data. Although they can make segments of customers based on their preferences, they do not choose one of the preference segments as their target market.

Štrba explained us they tried marketing for target group in the past but it did not work. Thanks to this experience they realised that having one target segment in book market is absurd as everybody read books. Market target of Martinus is whole Slovakia. It means mass market strategy.

As they do not have specific target market, we assume it as a reason why they do not make market positioning in a usual way. It means by arranging distinctive position for a product in the minds of chosen segment of target customers. Martinus can position its offering in mass market using their competitive advantage in personal approach and experience. This differentiation by giving customers added value can bring Martinus effective positioning.

Marketing strategy of company is a guide for designing a marketing mix so that in the next chapter we focus on 4Ps of Martinus.

2.6.1 Marketing strategy referring to marketing mix

Marketing strategy is connected with marketing mix. It is a set of controllable marketing tools that Martinus puts together to produce wished response in their target market – mass market. In Martinus, they use for it their marketing strategy attitude. Elements of marketing mix, products, price, place and promotion of the company have its importance for marketing strategy so we will look on them.

Products

Martinus has a bit diversified product portfolio. Although it is a bookshop, it offers a variety of products. Main products of the company are books and e-books. Bookshop offers also films on DVD, puzzle, e-readers, audio books, board games, LEGO, computer and console games, tea, coffee, and other products. Martinus provides customers with the products also an added value in the form of active communication. As Martinus is bookshop further we will focus on its main products.

Before focusing on books we just want to mention products with the lowest sold volume in Martinus. At least sold are computer games and gastro products, tea and coffee. (Štrba, 2012) We presume it would better for the company to put these products away from their offer.

Books

The book database of Martinus consists of more than 100 000 different book titles. Their book offer is divided into 22 main categories. Division is following: prose, poetry, children and youth, social sciences, art, natural sciences, computers, internet, textbooks, dictionaries, technology, medicine, health, lifestyle, economics, law, history, religion, mysticism, geography, travelling, home, hobby, animals, breeding, groceries, meals, sport, foreign literature, notebooks, calendars, audio books, software, gifts and special issues. These main categories have subcategories to make looking for a book easier. Bookshop shows on the webpage also a list of bestsellers. Everyone can choose book according his/her preferences. In the e-shop each book is signed by status whether it is currently available in stock, in which bookshop you can find it and how long it usually takes to send the book to customer. We consider exact information about availability of books as a sign of well functioning online shop with focus on customer satisfaction.

E-books and e-readers

The news in the book representing alternative to printed books are electronic books. For those who consider e-books more practical than printed books Martinus is a good solution. Bookshop offers a complex solution for e-books including e-books and readers as well. It offers a lot of advantages connected with e-books for customers. According to Michal Meško, the advantage of electronic books, which people can see using readers, is their easy storage (TASR, [2012d]).

Martinus e-books can be read on e-reader, mobile phone, tablet and computer. To ensure as high compatibility as possible, Martinus uses the world standard EPUB that has the vastest devices and application producers' support. This is the reason why a customer can choose device and application that suits his/her needs the best. Majority of the e-book titles is available in two formats – EPUB and PDF (Šlesar, 2011).

E-books from Martinus can be read on any e-book reader that supports these two formats. Bookshop supports also mobile devices from Apple, devices with Android operational system support and e-ink readers like French Bookeen, American Nook or Sony Reader (Vozárová, 2010). Company for the protection of content of electronic books uses the world most standard technology of Adobe DRM.

Thanks to retail shops of Martinus, customers can test e-readers and e-books before a purchase. Moreover, customers can download a book overview without a need of registration. High quality of e-books is also supported by Martinus. The company assists the publishers with the electronic books conversion and emphasizes that it is not enough to rely on automated process (Šlesar, 2011).

As sales of e-books are still increasing Martinus believes they will become standard part of the book market (Meško, 2012). For reading this kind of books, it is necessary to have some e-reader or other device. However, Martinus has currently available offer of only 7 types of e-readers. Rest of them show on web page is signed as sold out and probably no more possible to order. We consider this as a quite low number and recommend them to increase the offer if they want to satisfy an increasing interest of people in e-books.

Price

Firstly we should remind Martinus is online bookshop that has also traditional bookshops. Prices of Martinus's products online and in its retail shops are a bit different. On the web page, under the price of each product is written how much you will save in case of purchasing it online instead of doing the purchase in the bookshop. Generally, prices of books in Martinus compared to other competitive bookshops are a bit higher or quite similar, except of low cost bookshops. Thanks to providing great services, Martinus has many satisfied and loyal customers who repeatedly purchase their products despite their sometimes higher prices.

In the past, it happened that when they provided for example 20% on certain book, competitors gave 21% discount on the same book. They found it does not make sense to enter price wars with competitors As Štrba (2012) explained us, they do not want to be price leader, meaning not to fight on the market using low costs. They are not trying to give big discounts, they rather prefer quality as their competitors copy their moves.

By the discounts and various actions they are trying to compensate seasonality difference in sales. Summer is always the weakest but sales around Christmas jump high. Martinus has its general discount policy.

Discount policy

As the book market is characterized by seasonality, Martinus is trying to avoid it by various discounts. Company has set rules for making discounts. They give 15-20% discount on new books. Bestsellers are offered with 11-25% discount. Teachers, students and young people can obtain additional 2% discount if they use their ISIC, ITIC or EURO>26 card. Moreover, special discounts are agreed with suppliers of the bookshop (Štrba, 2012). Except of these discounts Martinus offers various price lowering on the products during the whole year.

One July week Martinus offered book titles from Marenčin PT Publisher with 25% discount (Šlesar, 2012a). This is just one example of special offers that Martinus agreed with publishers. Company has really sophisticated discount policy in its online bookshop.

Although it is not directly a part of marketing mix, theme of prices does not end here. It continues with postal charges and payment for the products. Martinus does not charge customers for packaging but postal charges depend on order value, location and payment methods. When value of order is up to 49.00 € and customer makes electronic payment, postage is 1.99 € and postal charge for cash on delivery payment costs 2.79 €. In case order value is over 49.00 € customers do not pay postage when using these payment methods. However, delivery by GLS courier costs 2.79 € regardless of order value. Personal collection in the bookshop is for free in terms of postage in case the value of order is over 10.00 € otherwise customer is charged 1.50 €. Shipping costs to abroad depend on the weight of the package (Martinus.sk, 2000-2012c).

E-shop customers can use for payment cash on delivery method, pay by credit card or use internet banking. In case they decide to pick up their order in the bookshops of Martinus there is a possibility to pay in cash, by credit card or gift cards (Martinus.sk, 2000-2012d).

Advantage of customers purchasing e-book is that they have the highest variety of payment methods. Except of all the mentioned possibilities they can pay also through SMS (Martinus.sk, 2000-2012d).

We can say shopping in Martinus is really easy and comfortable as there is a huge range of payment possibilities. They have very well done discount policy.

Place

This element of marketing mix is in other words location where the products are available for customers. Customers of online bookshop Martinus can find its products on the web page of Martinus and in 4 bookshops which it has in different towns of Slovakia. They are located in shopping centres and places with frequency of people. These retail shops are run by CBR Martinus, s.r.o. (Martinus.sk, 2000-2012e) that cooperates very closely with Martinus. According to M. Meško (Blažej, 2011) they would like to have more retail shops, however the final number is not as important for them as the quality. He explains that their reason is a wish to have well-paid employees as well as those who like their jobs and do not count minutes till the end of 8 hour shift. They do not want to have the most bookshops in the book market but to have the best ones. Atmosphere and willing of booksellers is important for the bookshop.

M. Meško and Andrea Mešková explained they want to focus on the quality of offer, booksellers, environment, integration of the whole concept and its interconnection with the internet. They add, thanks to these retail shops company can understand their customers better (Augustín, 2011b). From our point of view their aim of nice and pleasant environment is a good basis for building relationship with customers.

Customers can purchase products in the bookshop or pick up here their online orders when they are received from the central warehouse. Martinus stores products in its warehouse in Martin (Štrba, 2012). Online bookshop uses for delivery of products to customers Slovak post and GLS couriers. Since April 2012 Slovak post has made a change in delivering and parcels are currently delivered by its couriers. Firstly, customer obtains an information email from Martinus about the order with its posting number. Afterwards he/she can use Track & Trace service on the web page of Slovak post. It enables to see where the item is right now. Then customer will receive an SMS from courier informing about expected time of delivery (Šlesar, 2012b). Additionally, some time after delivery customer receives satisfaction questionnaire via email from Martinus. This provides company important feedback.

Martinus puts a great emphasis on logistics. As owners do want to earn fortune on the company, they leave profit for investments and company does invest a significant amount of money in logistics. (Štrba, 2012) We presume their effort in this area helped them to gain the top position on the book market.

Suppliers

Each retailing company needs some suppliers to have goods for selling. Martinus has quite a large network of suppliers, approximately 500. In general, the bookshop has very good mutual relations with them. We think it is not a surprise as M. Štrba (2012) told us that company pays all its invoices.

Michal Meško (2012) revealed that majority of goods is in commission in their retail shops and they pay for them usually in 14 days. He added that it is quite occasional that they obtain maturity longer than 30 days. Online business is done a bit differently. They

provide online orders of goods with minimum use of commission. Often, it happens that they pay suppliers for goods even before they obtain money for them from customers. We presume that suppliers can be really happy when doing business with Martinus bookshop.

Promotion

Martinus makes overview of book market. It is obvious that situation on the market is not absolutely the same in all four towns where Martinus has its traditional bookshops. Their booksellers of given location know the best what is currently going on in their area. Thanks to them company can immediately react on the situation. They are involved in promotion of the company, they can propose sales and forms of advertising. Other issue connected with promotion is loyalty programme. Martinus does not have one yet but they would like to have. They work on it but they do not know yet what would be the best way to retain old customers and avoid discouraging potential customers. Problem is to find the model that would suit them perfectly.

However, marketing activities of Martinus are not performed only by themselves (Štrba, 2012). One of the organizations that helps them with marketing is ZARAGUZA Digital. Martinus campaign Day of unread books was created by this marketing agency (HNmagazines, 2012). It was a very good and successful campaign so we can say it is good that Martinus used outsourcing. Last year success of this campaign made Martinus to decide to organize it again. This time they announced 31st August as a Day of unread books. To enhance people in reading books that lay untouched on their bookshelves Martinus will limit the access on their webpage (Kučerka, 2012). We really like this idea, it is something unusual and interesting.

Thanks to our observation we can say Martinus is doing its promotional activities really very well. At the beginning of August you could hear in the radio or find in the Forbes magazine information about possibility to gain a gift card of certain value applicable to the whole Martinus product assortment if you subscribe the magazine.

This e-shop is one of the few that communicates also through traditional media (Trend, 2011).

We can see company uses various communication channels. These are e-mails, newsletters, phones, blog and social networks. Emails with newsletters from Martinus send to customers are customized. They are about the books and other products that given person could be interested in the most. Bookshop uses for the communication with people Facebook, Twitter and YouTube accounts. M. Meško (Mravčák, 2012) says that Facebook is not for them the primary marketing channel. They rather see it as communication medium where they give people advice.

We definitely agree with Meško (Trend, 2011) saying that marketing is much more than advertisement. According to him it is also the way how you write email, how you respond on complaint or whether shopping assistants smile at customers when they enter the bookshop. This reflects personal approach of Martinus that makes them so successful as people really appreciate it. Martinus quite actively uses advantages of personal selling.

Moreover, we are in accordance with M. Meško saying that direct, fast and open communication is critically important (Mravčák, 2012).

Relating to **communication** of Martinus with people, we can say it is very good. They always communicate in kind and friendly way. It shows their personal approach towards customers.

When there is any problem or complaint, they try to quickly solve it in the most suitable way for customer. Their call-centre and newsletters sent to customers' emails also reflect their personal approach. Retail shops of Martinus are not behind the online methods. In the bookshops booksellers are willing to help you choose, find and recommend books you are interested in. Martinus gives customers added value in the form of **personal approach** and active communication with them. These are the **strengths** of the bookshop that help them to **differentiate from competitors**.

Personal selling of Martinus supports creation of relationship with customers. This personal approach and focus on customer satisfaction are important in these days. Satisfied customer will recommend the shop to his/her friend, unsatisfied will not.

As Tomáš Braverman, Sales Director of Slovak shop Hej.sk, said even in this time of social networks he has more trust in personal recommendation of his friend for certain e-shop than to anonymous comment on the web (Mravčák, 2012). Majority of people see it the same way.

Martinus thanks to its successful internet history offers thousands of book titles. To help customers from getting lost in the vast offer, they created a **blog** on their webpage. Here, they publish book news, tips for reading and reviews of books. On the blog can be found also reviews of films and DVD, tips for films, articles, competition, sales etc. Articles and news from Martinus are written in easy, friendly and interesting way. Very often they put new articles about interesting events, news and competitions on their blog. Martinus is really active and creative on the blog. Their blog is full of interesting news and articles. They are written in a comfortable and reader friendly style.

We consider blog and activity of Martinus on Facebook as their strength. Summary of the whole Martinus bookshop and its marketing provides a Table 6 showing its strengths and weaknesses.

Avoid mistakes

In general, to be a successful company, you should learn from and **avoid mistakes** of others from the past. ADMA Association of Digital Marketing Agencies (Macko, [2012]) recommends to avoid few things on social networks.

Firstly, you should offer things customers are interested in, not you.

Secondly, communicate with people in their language, use their way of using the language and be short and clear.

Finally, build a relationship with your fans on Facebook. If you gain 5000 fans overnight but they do not really like your company, they are useless for you. Openness on social networks can be a risk for you if you want to hide something. However, the openness, friendly attitude and quick responses can be a great contribution for your company. Customers will like you and consider you the better than the others.

Table 6 Strengths and Weaknesses of Martinus (Source: own elaboration)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Leader on the market • Brand name • Certificates and rewards • Young and loyal employees • Very good, friendly relationships between colleagues and with suppliers • Very good information systems of orders processing • Logistics • Providing very good services • Focus on customer satisfaction • Personal approach – added value • Innovative attitude in marketing • Lot of payment methods • Very good web page • Active use of blog and Facebook 	<ul style="list-style-type: none"> • No marketing department • Quite high level of multitasking of employees • Not formalised marketing strategy • Low offer of e-readers • Only 4 traditional bookshops

These are just few tips for social networks. Ignoring them can be a threat for a company. Thanks to interview with M. Štrba (2012) who is responsible for online shop of Martinus and our observation we can evaluate whether the bookshop is successful in avoiding such threats. As we now focus on social networks, it should be mentioned that Martinus has its profile on Facebook and Twitter. To consider the threats avoiding we will focus on their Facebook profile.

On **Facebook** Martinus puts information about new coming books, interesting events and exhibitions, shares links on some curiosities from world of books, announces new competitions and many other things. Number of “Likes” that has each item posted on the Martinus Facebook profile shows that people are interested in that. Number of comments also reveals their interest in the topics.

In Martinus works a person responsible for their Facebook profile. He discusses there with people and finds out what their preferences are.

Facebook is the way that helps them the best to be in instant contact with people and gain their favour. This social network is a very good tool for Martinus that helps them to create relations with people and spread awareness of Martinus brand. It helps them in their CRM. In Martinus, there are aware that when merchant wants to gain customers it is important to be active also on social networks (Mravčák, 2012). Martinus uses Facebook quite actively. They have rather benefits than problems from Facebook.

Last year Martinus was even the winner in competition of marketing and communication solutions on Facebook – FbRulezz 2011. Martinus was the best in communication on Facebook (FbRulezz, [2011]). We can conclude that the bookshop is really successful in avoiding the mistakes on social networks.

2.7 SWOT ANALYSIS

Following SWOT analysis is aggregation of previous analysis offering information about the most significant internal and external factors influencing the company concerning our issue. It provides strengths and weaknesses of Martinus as well as opportunities and threats of external environment, see Table 7.

Table 7 SWOT analysis (Source: own elaboration)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Leader on the market • Brand • Very good logistics and information system of orders processing • Very good, friendly relationships between colleagues and with suppliers • Personal approach – added value • Innovative attitude in marketing and focus on customer satisfaction • Lot of payment methods • Very good web page • Active use of blog and Facebook 	<ul style="list-style-type: none"> • No marketing department • Quite high level of multitasking of employees • Not formalised marketing strategy • Low offer of e-readers • Only 4 traditional bookshops
Opportunities	Threats
<ul style="list-style-type: none"> • Growing market of retailing and internet retailing • More and more people tend to visit shopping centres • Loyalty programmes • High internet penetration • Almost all internet users use internet also for online shopping • Internet is used mostly by people from 18 to 39 • More books bought online • Increasing sale of electronic books • One competitor was proposed for bankruptcy 	<ul style="list-style-type: none"> • Slovak & EU laws and regulations • Government proposes new laws and changes old ones • Austerity measures of government • People are price sensitive • Seasonality of book market • Strong competitive environment in retailing • Competitors copy steps and campaigns • Number of traditional bookshops of competitors • Loss of data due old technology

3. Proposals

In the previous part of our work we analysed internal and external environment of online bookshop Martinus. Thanks to the analysis of the company we found out they are really successful company and the way how they do things works perfectly. For such a company it is hard to propose improvements that would significantly influence them as they already have a top position on the market. The SWOT analysis that you can find above provides a brief overview of the most significant factors for our work.

Firstly, we would like to tell that company is not able to change political and economic threats of external environment. Despite laws and rules, whether Slovak or from European Union, are always limiting and prescriptive, companies have to adopt them and behave in accordance with them. Although the company cannot change or prepare in big advance for changes in legislation, it should adopt it them as soon as possible. Austerity measures of government can bring changes that can affect companies in some way and usually do not please them.

Secondly, technological environment can represent threat for a company as well. Technologies are every day better and better so it is necessary to follow the trend of technological development to avoid any possible damages and losses because of using old technology. We can say that Martinus is quite successful in moving with technological changes. For internal communication they use special network for companies that resembles Facebook. Thanks to their investments in logistics they have it at very good level. Technological environment represents also opportunities, especially for online shops. As Martinus is online bookshop it welcomes the fact that there is a high internet penetration in Slovakia. It means there are lot of people who have access on internet. Thanks to almost all internet users who exploit this technology also for online shopping, market of internet retailing grows so the retailing overall.

With growing retailing and technological opportunities of internet is connected number of retailers. Their number increases, this intensifies competition and makes it even harder to gain a good position on the market. To say it simply there is strong

competitive environment in retailing. Logically, retailers and e-shops on book market compete as well. Although people are getting more comfortable with online shopping, they like shopping centres as well. They tend to spend more and more time. Slovaks like e-shops and traditional shops too. Here starts the weakness and threat of Martinus. They have only 4 traditional bookshops. Main competitors of Martinus have much higher number of traditional bookshops, more than 25. We know that Martinus wants to increase number of their bookshops and looks for a good location.

We recommend them to locate their next **bookshop in a shopping centre**. By this, they would lower their weakness using an opportunity of external environment.

The simple structure how the process of opening new bookshop could look like is as follows.

The very first point is decision where the bookshop will be. We propose to open the bookshop in shopping centre Galéria Košice. Reason for this location is that Košice is second largest city in Slovakia, Slovaks tend to spend more time in shopping centres and there is no bookshop in this shopping centre. Moreover, all the bookshops of Martinus are situated in the western part of Slovakia so that it is time to expand on the east. We presume it would be best to manage to open the retail shop few weeks before Christmas to have higher sales through the very first weeks of the bookshop. In order to do so Martinus should start dealing with management of shopping centre in September. We presume the negotiation will take 4 weeks and manager of bookshops division will have to travel to Košice 4 times. Because of the distance from headquarters of Martinus she will spend the whole one working day on one negotiation and transport. They would gain a contract for the place with rental costs including utility expenses being 1 000 €/m² valid since 1st October. Running costs of the bookshop in Košice would be 200 000 € per month. In October, Martinus can start looking for employees for this new bookshop, make necessary construction and building work and bring equipment of the bookshop. We propose to outsource the finding of four new booksellers. Company should use for it a personal agency that has a good experience with. It would be suitable to have more than 2 employees in the new bookshop so that we propose to hire 3 seasonal workers who can choose Martinus itself. Moreover, in October Martinus should choose a marketing agency that would give the best offer for realization of advertisement about Martinus opening new bookshop in Košice. First two weeks of

November the company can bring books and other products to prepared bookshop and put them into shelves and on the tables. Offer of the products should be the same as in other bookshops of Martinus. Through this time the four hired employees would be on training in Martinus bookshops located also in shopping centres in other towns. On the beginning of November should start advertisement campaign. We suggest opening of the new bookshop in shopping centre Galeria Košice in the half of November. People would have time to explore products of new bookshop in the city and buy books for themselves or as Christmas gifts.

Table Estimated costs before opening of new bookshop

TASK	COST (€)
transport & negotiation	700
rental costs October	200 000
rental costs November (adv.)	200 000
construction & equipment	60 000
recruitment (agency)	2 000
recruitment of seasonal workers	128
administrative costs	150
2 weeks training wages	1 920
choosing of marketing agency	100
advertising campaign (agency)	5 000
delivery and placing of goods	3 000
TOTAL COSTS	472 998

Total cost of preparation and opening of new bookshop are estimated to be 472 998€. We assume this retail shop of the company would support their brand and spread brand awareness. According us, this new bookshop of Martinus would increase the portion of market which they serve from 15-20% to 20-25% of the market.

Talking about book market we would like to add few its characteristics. The most significant is seasonality. Highest sales of books are at the time of Christmas, rest of the year is weaker. This seasonality and price sensitive of people are the threats that Martinus is trying to defeat by its discount policy and various actions and campaigns.

These marketing activities are done by people from Martinus or they use outsourcing for their realization. Martinus is a company where all the employees are involved in doing marketing somehow. This integration of the whole company into marketing is good. Bookshop focuses on customers and their satisfaction. Martinus actively uses its blog, communicates with people on Facebook, gives them added value in form of personal approach whether in sending newsletters or dealing with complaints. We can say thanks to this they managed to create a successful brand, gain popularity and be a leader on the book market.

As we mentioned all employees being involved in working on marketing we want to say that we consider it as a slight weakness of the company. Meaning that employees have their duties and responsibilities that are the main work focus of their individual work positions. We appreciate that Martinus supports creativity and wants to give people with good ideas opportunity to realize them but according to us sometimes it can prevent them from doing their primary job content. We consider the level of multitasking of employees and overlapping of tasks in Martinus as a small weakness of the bookshop. According us, it is connected with not having a separate marketing department in the company.

We propose to **create separate division of marketing** in Martinus and **employ one senior marketing manager**. We suggest that the department could have one manager and 3 subordinates. One of them would be the Social Media Marketer that already works in Martinus and other 2 people would be chosen from employees that currently work for the bookshop. They would be just transferred. We propose to replace them by new employees. CEO, Michal Meško and Martin Štrba would be responsible for creation of department, transfer of current employees and hiring of 3 new people.

We know it will cost something but it will be worth it according us. We suggest Martinus to create the marketing department through 2 months – January and February 2013. It is after Christmas, the time of big sales. In the next year things get calm and people in the company may have more time to focus on it. The process should have following steps.

Firstly, at the beginning of January put job offer for the position of senior marketing manager on 3 job portals and announce employees through company network Yammer a new job opportunity to work in a marketing division that will be created in March.

Secondly, in the middle of January start interviewing candidates. At the end of month, company should have been decided about which two employees that were interested in working for marketing department it will choose. In case that there was not enough interest for these two jobs, recruitment men should ask employees who they consider the most suitable for work in this division whether these employees do not consider changing their current positions for job position in marketing department. We believe that at the beginning of February department creators will know which two employees will work there.

Then, use job portals again to announce two vacancies for job positions that will be emptied by transferring employees. Martinus will have two weeks to choose these two people and next two weeks to train them. The training will be done by the transferring people who will work at that position till the end of February.

Additionally, candidates for the position of senior marketing manager will be interviewed whole month to have enough time to choose the best one. At the end of February, Martinus should have had chosen one senior marketing manager and two new and trained employees who will replace the current employees at their places.

Another necessary activity for creation of the department is to prepare the office. We suppose that Martinus has available place in its headquarters where the office can be set. Last two weeks of February in order to furnish the office, company will have to purchase few items and arrange the office. Necessary equipment to be bought are 3 tables, 3 chairs, 3 telephones, 3 lamps, 1 printer with scanner and stationery. Costs of the process of creation of marketing department till its start its operation on 1st March will include costs of time spent for recruitment, costs of equipment and salary of two weeks of training.

Table Estimated costs of marketing department creation

TASK	COSTS (€)
job vacancy announcement on 3 job portals - senior marketing manager	230
announce Martinus employees creation of department with 2 vacancies	32
interview candidates - employees	128
announcement of 2 job vacancies on 2 job portals	150
interview candidates for released positions	256
2 weeks training of new employees	1025
interview candidates for senior marketing manager position	294
selection and hiring	82
equipment of department office	850
3 laptops & software	1350
arrangement of office	80
TOTAL COSTS	4477
additional communication with chosen employees	82
TOTAL COSTS	4559

Based on our calculation we presume that the estimated costs of creating marketing department would be 4477 €. In case there was very low interest of employees to change their work positions and additional communication with the most suitable employees for this work was necessary, the total costs of creating marketing division would be 4559 €.

Financial revenues from this proposal are hard to figure out as it is some kind of reorganization. It will be good for company to have people focused explicitly on marketing but it is unfortunately impossible for us to assess the value it will bring to company in the financial form. Benefits for the company are rather long-term. Employees in this department will become very experienced and skilled in many things dealing with marketing. They will be able to quickly choose the best way of promotion, what prices to set at given occasions, which products to choose for promotion, what are the most favourite books for teenagers and many other things. All their skills will enable company to better and more quickly react on changing situation on the book market.

According to us, they will help to spread the brand awareness of the company and gain more loyal customers. All this will definitely increase the turnover and profit of the company.

Based on analysis of Martinus and their way of doing marketing we found out next small weakness. They do not have marketing strategy in a formal way. They have rather attitude.

We have to admit that they are successful with their attitude. Although Martinus does not have any formal and written marketing strategy we can say company is market leader in terms of marketing strategies. Their competitors are rather market challengers and followers. It is thanks to innovative approach of Martinus in marketing. This approach is very good because it helps them to differentiate from competitors. It gives them a competitive advantage. Automation of marketing activities is very hard to implement in this company, mainly because it does its marketing activities in a very spontaneous and unrestrained way. Despite being aware of that, we just want to recommend slight formalization of their attitude by writing it down. We presume that they it is possible to formalise a bit their marketing “strategy” and keep them flexibility to react on the market.

We propose to **write down basic rules** of their marketing attitude. It will be like a marketing strategy in points. It will be a guide for them and any new employees in the future. The process to create is simple. As division of Projects among other divisions is connected with marketing the most we suggest the head of this division to be responsible for it.

Firstly, this person will choose time and place, and secure refreshment for a conference. Few days before the conference he will send an invitation to participants with information about the program via Yammer. He will ask them to think about possible basic characteristics of the attitude of Martinus in doing marketing activities. We presume it will take 2 hours. According to us this session should last 6 hours to have enough time for discussion. There will be 5 participants namely CEO, head of Projects division, Social Media Marketer, manager of Division of bookshops and e-shop manager. After the conference manager of Projects will write down the basic rules for

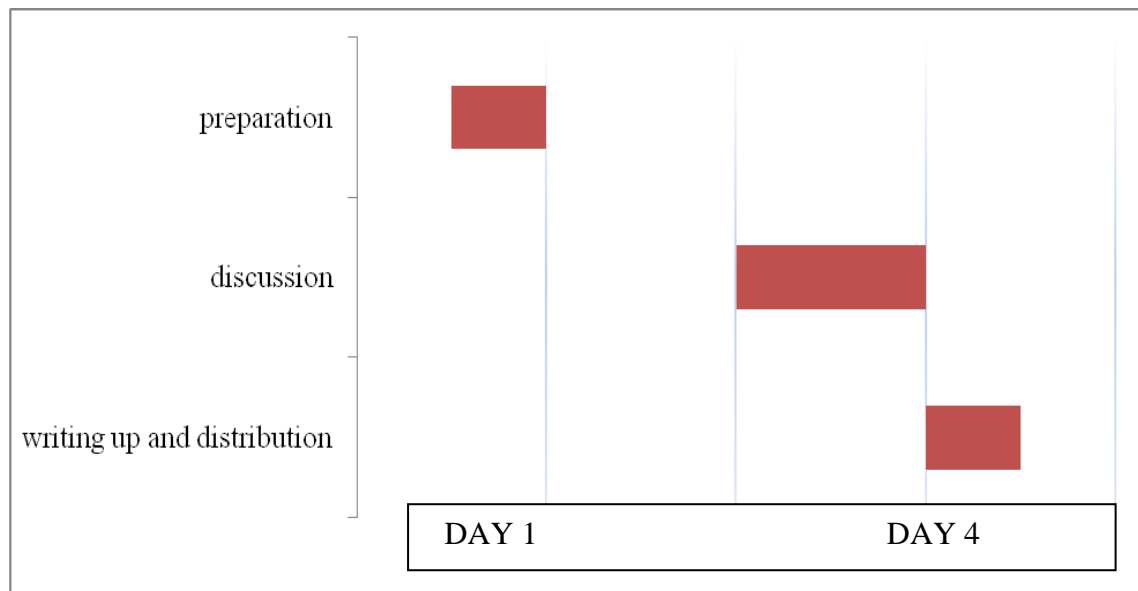
which they decided. We presume this writing up and distribution to other employees via Yammer will last 2 hours.

We are not able to estimate the profit for company from realization of this idea but we are able to calculate its costs. For calculation of costs connected with it we use financial value of time spent on it, presuming the average hour wage of participants is € 17. Total costs are projected to be 598 €.

TABLE Costs of writing down basic rules for marketing strategy

Activity	Number of people	Time (hours)	Unit cost (€)	Cost (€)
Preparation	1	2	17	34
Discussion	5	6	17	510
Writing up and distribution	1	2	17	34
Refreshment				20
TOTAL COSTS				€ 598

For showing a timetable we use Gantt chart.



Analysis that we conducted revealed one more, we can say weakness of company. According us their currently available offer of e-book readers in the amount of 7 types is low. Currently, their customers can buy white Liris 6'' E-Ink reader, silver PocketBook 622 Touch 6'' E-Ink reader, white Jinke Hanlin A6 6'' SiPix reader, black MReader EB-605 6'' E-Ink reader, black Prestigio Nobile PER3562B 6'' E-Ink reader, white Pocketbook PRO 926 9.7'' E-ink Vizplex reader and SONY PRS-T1 6'' E-ink reader (Martinus.sk, 2000-2012f). On the web page, there are shown also next 3 e-readers (blue Bookeen Cybook Opus 5'' E-Ink reader, black Prestigio Libretto PER5162B 6'' E-Ink reader and black Prestigio Nobile PER3162BN 6'' E-Ink reader), but they have a status of being sold out and probably will not be available any more. Martinus has a very good relationships with its suppliers so there must be some reason why do not make these 3 models available.

Today book market is not only about printed books but electronic books as well. They are becoming more popular. Market of e-books represents potential for the future so they should exploit this opportunity. That is why we propose to **extend the offer of readers of electronic books**. We are sure that company has somebody who makes researches about products and review of the market.

We suggest to make this research men responsible for monitoring demand of their customers for e-readers they do not offer, to find out what are the most popular e-readers on the market that support EPUB and PDF formats of books with Adobe DRM and which are offered by competitors and at what prices. We recommend to do it 3 weeks in September, spending 12 hours per week. At the end of month research man should choose 5 types of e-readers which they will offer. Last week of September warehouse manager and CEO of Martinus should find suppliers and set prices. We suggest to sell these products cheaper than competitors and to prepare an advertisement. They can use outsourcing for realisation of advertising campaign.

Our proposal is to find some external organisations with good offers for this campaign and choose the best one. We think it would be good to focus on students as they start going to universities usually from the half of September. They spend few hours a every week travelling between university and their home towns. We presume they would appreciate a possibility to read during travelling from something smaller and lighter

than laptops. At the beginning of October, e-shop manager can add these products to their offer. Firstly, we recommend research man to monitor which are sold the most and then tell warehouse manager to buy 10 pieces of 2 most popular to have in the stock. After two months, at the end of November, they can make evaluation and compare sales of these new models with old ones. We presume this extension of offer of readers of electronic books will increase sales of Martinus. Success depends on good choice of e-readers, price and outsourced advertising campaign. We believe Martinus previous experience will help them to make good choices.

4. Conclusion

The purpose of the diploma thesis was to analyse marketing strategy of the company and to develop proposals for its improvement. We have set analysis of company and its external environment as sub-goals to support achieving our main goal. Overall environment in the country and the market where Martinus operates were under our examination. Conducting analysis of internal and external environment of the company we presume we managed to meet the sub goals of this paper. In our work we focused on activities of Martinus bookshop in marketing and tried to identify their marketing strategy. Based on the results of our analyses we developed few improvement proposals for the bookshop. Presenting a brief plans how to elaborate our ideas for improvement we believe we managed to fulfil the goal of our diploma thesis.

Starting our work with theoretical background we provided the basics of analysis and deciding about competitive strategies in the field of marketing. Major part of our work was analysing of the Martinus and its environment. Thanks to interview with Martin Štrba, employee of the bookshop, we managed to gather important and interesting information about the bookshop. We found out that their attitude and process of operating on book market makes them leader on the market. Analysing company and their marketing, we looked at their products, prices, places where they sell these products and what ways they use to support sales.

Nevertheless their successful operating, based on all previous analysis we managed to find out their strengths and weaknesses as well. We revealed opportunities and threats of external environment. There were more of them so we picked up just the most important from our point of view. Using the results of all the previous analyses we developed proposals.

The first recommendation we evolved was to open a bookshop in one shopping centre in Košice. We estimated costs of its creation and made suggestion what will be the benefit for the company.

Second proposal was to create a marketing division and to employ somebody specialised in marketing – a senior marketing manager. Although the creation of department and finding the most suitable marketing manager for their company will take time, money and effort, we are sure it will bring them long-term benefits.

One our advice, the most directly connected with marketing strategy, is to write down the basic rules of their successful marketing attitude. It will preserve them the ability to flexibly react on the changes in the environment and it will be a good guide for all their employees dealing with marketing activities.

As we looked on their product assortment and situation on the book market, we had to recommend them to extend the offer of electronic books readers. It can be a bit costly to have inventory of such products but it is really good opportunity on the market and should be exploited.

Main objective of this work was to develop proposals to improve marketing strategy of the Martinus bookshop and we hope we managed to make good proposals. We think our ideas will be useful for company and will bring valuable rewards for company – the customers' orders.

References

- 24 HODÍN. Martinus.sk je najobľúbenejší internetový obchod. *24 hodín* [online]. 2009-11-30 [Accessed 2012-06-12]. ISSN 1336-7641. Available at: <http://www.24hod.sk/Martinus-sk-je-najoblubenejsi-internetovy-obchod-cl96654.html>.
- AUGUSTÍN, Radoslav. Martinus o svojich kamenných obchodoch: V Bratislave takmer nie sú dobré obchodné priestory [rozhovor]. *Retazce.sk* [online]. 2011b [Accessed 2012-08-28]. Available at: <http://retazce.wordpress.com/2011/09/07/martinus-o-svojich-kamennych-obchodoch-v-bratislave-takmer-nie-su-dobre-obchodne-priestory-rozhovor/>.
- AUGUSTÍN, Radoslav. Najväčší konkurent Panta Rhei a Martinusu zlyháva na webe. *SMEblog* [online]. 2011a [Accessed 2012-07-10]. Available at: <http://radoslavaugustin.blog.sme.sk/c/282709/Najvacsi-konkurent-Panta-Rhei-a-Martinusu-zlyhava-na-webe.html>.
- ARMSTRONG, Gary and Philip KOTLER. *Marketing: an introduction*. 8th ed. Upper Saddle River: Pearson Prentice Hall, 2006. ISBN 0-13-186591-9.
- BLAŽEJ, Ján. Knihy majú svoju vôňu. Ako víno. *eProfit: BIZNIS A PRÍBEHY* [online]. 2011 [Accessed 2012-03-28]. Available at: <http://profit.etrend.sk/biznis-pribehy/knihy-maju-svoju-vonu-ako-vino-2.html>.
- CRAVENS, David W. *Strategic marketing*. 5th ed. Boston: McGraw Hill, 1997. ISBN 0-256-21438-7.
- CZWITKOVICS, Tomáš. E-shopu Gorila.sk vlani rástol najmä predaj kníh. *eTrend: medialne.sk* [online]. 2012-05-11 [Accessed 2012-05-29]. ISSN 1336-2674. Available at: <http://medialne.etrend.sk/internet-spravy/e-shopu-gorila-sk-vlani-rastol-najma-predaj-knih.html>.
- ČÍTAČKY KNÍH. Najlepšie elektronické čítačky kníh. *Citackyknih.eu* [online]. c2012 [Accessed 2012-08-16]. Available at: <http://citackyknih.eu/>.

- ČÍŽOVÁ, Lucia. Slovenský knižný trh ovládli ženy a vzťahy. A Evita. *HNonline: HNstyle* [online]. 2011 [Accessed 2012-06-25]. Available at: <http://style.hnonline.sk/kultura/c1-54275850-slovensky-knizny-trh-ovladli-zeny-a-vztahy-a-evita>.
- ČTK. Česi a Slováci vyberajú obchody hlavne podľa zliav. *eTrend: medialne.sk* [online]. 2012-03-05 [Accessed 2012-05-11]. ISSN 1336-2674. Available at: <http://medialne.etrend.sk/marketing-spravy/cesi-a-slovaci-vyberaju-obchody-hlavne-podla-zliav.html>.
- EIU (ECONOMIST INTELLIGENCE UNIT). Slovakia: Country Report December 2011. *Slovakia: Country Report* [online]. 2011, Issue 12, p. 1-26 [Accessed 2012-06-16]. ISSN 1366-4050. Available at: Business Source Complete database.
- EUROMONITOR INTERNATIONAL. *Consumer Lifestyles - Slovakia* [online]. 2010. [Accessed 2012-06-15]. Available at: GMID database.
- EUROMONITOR INTERNATIONAL. Country factfile: Slovakia. In: *Euromonitor International* [online]. 2011 [Accessed 2012-06-12]. Available at: <http://www.euromonitor.com/slovakia/country-factfile>.
- EUROMONITOR INTERNATIONAL. Internet retailing in Slovakia. [online]. 2012b [Accessed 2012-07-01]. Available at: GMID database.
- EUROMONITOR INTERNATIONAL. Leisure and personal goods specialist retailers in Slovakia. [online]. 2012c [Accessed 2012-07-01]. Available at: GMID database.
- EUROMONITOR INTERNATIONAL. Retailing in Slovakia. [online]. 2012a [Accessed 2012-07-01]. Available at: GMID database.
- FBRULEZZ. Víťazi. *Fb.RULEZZ.sk* [online]. [2011] [Accessed 2012-07-20]. Available at: <http://fb.rulezz.sk/2011/works/winners>.
- FUSION. Heuréka vyhlásila najlepšie e-shopy 2011: Na internete najradšej nakupujeme parfumy, knihy a elektroniku. *eTrend: medialne.sk* [online]. 2011-10-12 [Accessed 2012-07-04]. ISSN 1336-2674. Available at: <http://medialne.etrend.sk/marketing-tlacove-spravy/heureka-vyhlasila-najlepsie-e-shopy-2011.html>.

- GLOBALEDGE. Slovakia. In: *GlobalEDGE* [online]. 2012 [Accessed 2012-06-27]. Available at: <http://globaledge.msu.edu/Countries/Slovakia/Memo>.
- HLUBINA, Palo. Ako firmy lustrujú zákazníkov: Biznis analytika je skôr umenie ako veda, firmám dokáže šetriť peniaze. *eProfit: BIZNIS A PRÍBEHY* [online]. 2010-09-01 [Accessed 2012-05-20]. Available at: <http://profit.etrend.sk/biznis-pribehy/ako-firmy-lustruju-zakaznikov.html>.
- HNMAGAZINES. TOP 2011 v Slovenskej reklame. *Stratégie*. 2012-06, č. 6. ISSN 1335-2016.
- IHS GLOBAL INC. Economic Growth: Outlook. *Slovakia Country Monitor* [online]. 2012a, Issue 2, p. 4-6 [Accessed 2012-06-16]. Available at: Business Source Complete database.
- IHS GLOBAL INC. Inflation: Outlook. *Slovakia Country Monitor* [online]. 2012, Issue 2, p. 11-12 [Accessed 2012-06-16]. Available at: Business Source Complete database.
- IHS GLOBAL INC. Outlook and Assumptions: Outlook. *Slovakia Country Monitor* [online]. 2012b, Issue 2, p. 3-4 [Accessed 2012-06-16]. Available at: Business Source Complete database.
- IŽURNÁL. Mladý úspešný. *iŽurnál* [online]. 2008 [Accessed 2012-06-20]. Available at: http://www.izurnal.sk/index.php?option=com_content&task=view&id=1707&Itemid=43.
- JOHNSON, Gerry et al. *Exploring Strategy: text and cases* [online]. 9th ed. Harlow: Financial Times Prentice Hall, 2011 [Accessed 2012-03-17]. ISBN 978-661-3275-370. Available at: Nottingham Trent University Library.
- KLÁSEKOVÁ, Martina and Tatiana VAVROVÁ. Netušíme, čo môžeme od politikov čakať. *Trend: týždenník o ekonomike a podnikaní*. 2012, XXII, č. 7, s. 26-29. ISSN 1335-0684.
- KUCHAR, Martin. Elektronické čítačky kníh prenikajú aj na Slovensko. *Živé.sk* [online]. 2011-02-25 [Accessed 2012-08-15]. ISSN 1335-806X. Available at: <http://www.zive.sk/elektronicke-citacky-knih-prenikaju-aj-na-slovensko/sc-3-a-292584/default.aspx>.

- KUŠNÍROVÁ, Michaela. Online obchodom prudko rastú tržby, na úkor kamenných. *HNonline* [online]. 2012 [Accessed 2012-07-23]. Available at: <http://hnonline.sk/ekonomika/c1-56608930-online-obchodom-prudko-rastu-trzby-na-ukor-kamennych>.
- KOTLER, Philip. *Marketing management*. 11th ed. Upper Saddle River: Prentice Hall, c2003. ISBN 01-303-3629-7.
- KOTLER, Philip and Gary ARMSTRONG. *Principles of marketing*. 10th ed. Upper Saddle River: Pearson Prentice Hall, c2004. ISBN 01-310-1861-2.
- KOTLER, Philip and Kevin Lane KELLER. *Marketing management*. 12th ed. Upper Saddle River: Pearson Prentice Hall, c2006. ISBN 01-314-5757-8.
- KUČERKA, Peter. Aj tento rok budú Slováci oslavovať Deň neprečítaných kníh. *Blog.martinus.sk* [online]. 2012 [Accessed 2012-08-10]. Available at: <http://blog.martinus.sk/2012/08/dnk2012-tlacova-sprava>.
- MACKO, Branislav. Päť smrteľných chýb na sociálnych sieťach. *ADMA* [online]. [2012] [Accessed 2012-08-02]. Available at: <http://adma.sk/2012/07/pat-smrteľnych-chyb-na-socialnych-sietach/>.
- MACHKOVÁ, Hana. *Mezinárodní marketing*. 2., rozš. a přeprac. vyd. Praha: Grada, 2006. ISBN 80-247-1678-X.
- Martin Štrba and Tomáš Hajzler. In: *Peoplecomm* [online]. 25.05.2012 [Accessed 2012-06-30]. Available at: <http://blog.peoplecomm.cz/clanek/martinus-hledame>.
- MARTINUS.SK. *Ako môžete u nás platiť?* [online]. c2000-2012d [Accessed 2012-07-16]. Available at: <http://www.martinus.sk/?uMod=other&uTyp=doc&uDoc=platby>.
- MARTINUS.SK. E-knihy na Martinus.sk. *Martinus.sk* [online]. c2000-2012b [Accessed 2012-08-22]. Available at: <http://www.martinus.sk/eknihy/uvod/>.
- MARTINUS.SK. Hardware: Čítačky e-kníh. *Martinus.sk* [online]. c2000-2012f [Accessed 2012-08-16]. Available at: <http://www.martinus.sk/ostatne/citacky-e-knih/>.
- MARTINUS.SK. *Logo*. [online]. c2000-2012a. [Accessed 2012-06-01]. Available at: http://www.martinus.sk/data/press/martinus_width_positive.jpg

- MARTINUS.SK. Naše kníhkupectvá. *Martinus.sk* [online]. c2000-2012e [Accessed 2012-05-28]. Available at: <http://www.martinus.sk/knihkupectva>.
- MARTINUS.SK. Naše poslanie, Naše hodnoty. Martin, 2011a.
- MARTINUS.SK. Poštovné. *Martinus.sk* [online]. c2000-2012c [Accessed 2012-07-25]. Available at: <http://www.martinus.sk/?uMod=other&uTyp=doc&uDoc=postovne>.
- MARTINUS.SK. *Príbeh Martinus.sk.* [online]. 2011b. [Accessed 2012-05-18]. Available at: <http://blog.martinus.sk/nas-pribeh>.
- MEŠKO, Michal. Pár slov o knižnom trhu na Slovensku a jeho budúcnosti. *Blog.martinus.sk* [online]. 2012-08-03 [Accessed. 2012-08-06]. Available at: <http://blog.martinus.sk/2012/08/par-slov-o-kniznom-trhu-na-slovensku-a-jeho-buducnosti>.
- MINISTRY OF JUSTICE OF THE SLOVAK REPUBLIC. *Extract from the Business Register of the District Court Žilina* [online]. 2012. [Accessed 2012-06-10]. Available at: <http://orsr.sk/vypis.asp?ID=71761&SID=5&P=1&lan=en>.
- MRAVČÁK, Alexander. Čo hľadá nakupujúci na webe: Šéfovia najpopulárnejších e-shopov radia, čo na zákazníkov na internete funguje. *eProfit: BIZNIS A PRÍBEHY* [online]. 2012-06-16 [Accessed 2012-07-23]. Available at: <http://profit.etrend.sk/biznis-pribehy/co-hlada-nakupujuci-na-webe.html>.
- NADÁCIA PONTIS. Martin štrba z martinusu: našu cestu vidíme v ľudoch. *Nadacia Pontis* [online]. 2011 [Accessed 2012-07-23]. Available at: <http://www.nadaciapontis.sk/16849>.
- NADÁCIA PONTIS. Via Bona Slovakia ocenenie za zodpovedné podnikanie a firemnú filantropiu: Nominations for Via Bona Slovakia 2011 open. *Viabona.sk* [online]. [2012] [Accessed 2012-07-20]. Available at: <http://www.viabona.sk/english>.
- NOVÝ ČAS. Oblúbený obchod má problémy: Panta Rhei hrozí konkurz!. *Čas.sk* [online]. 2012-08-01 [Accessed 2012-08-03]. Available at: <http://www.cas.sk/clanok/229368/oblubeny-obchod-ma-problemy-panta-rhei-hrozi-konkurz.html>.
- PANTA RHEI. Naše predajne. [online]. [2012] [Accessed 2012-08-15]. Available at: <http://www.pantarhei.sk/predajne>.

- PORTER, Michael E. *Competitive strategy: techniques for analyzing industries and competitors*. 1. Free Press export ed. New York, NY [u.a.]: Free Press, 2004. ISBN 07-432-6088-0.
- SAEC. SAEC bezpečný nákup: Certifikácia internetových obchodov. In: *SAEC* [online]. [n.y.] [Accessed 2012-07-03]. Available at: <http://www.bezpecnynakup.sk/default.aspx>
- SAEC (SLOVENSKÁ ASOCIÁCIA PRE ELEKTRONICKÝ OBCHOD). Predaj cez internet sa teší čoraz väčšej obľube. In: *SAEC: Tlačové správy* [online]. 2012-03-19 [Accessed 2010-06-29]. Available at: <http://www.bezpecnynakup.sk/press.aspx>.
- SITA. Počet užívateľov internetu v SR za mesiac dosiahol rekord. *Webnoviny* [online]. 2012-05-29 [Accessed 2012-07-16]. ISSN 1337-0308. Available at: http://www.webnoviny.sk/veda-a-technika/pocet-uzivatelov-internetu-v-sr-za-m/504021-clanok.html?from=newest_articles.
- ŠLESAR, Juraj. Balíky Slovenskej pošty teraz doručujú poštovní kuriéri. *Blog.martinus.sk* [online]. 2012b [Accessed 2012-07-12]. Available at: <http://blog.martinus.sk/2012/05/novinky-slovenskej-posty>.
- ŠLESAR, Juraj. Martinus.sk dokazuje, že Slováci majú o elektronické knihy záujem. *Blog.martinus.sk* [online]. 2011 [Accessed 2012-08-15]. Available at: <http://blog.martinus.sk/2011/04/martinus-sk-dokazuje-ze-slovaci-maju-o-elektronicke-knihy-zaujem>.
- ŠLESAR, Juraj. Najobľúbenejší internetový obchod na Slovensku je opäť Martinus.sk. *Blog.martinus.sk* [online]. 2010 [Accessed 2012-03-27]. Available at: <http://blog.martinus.sk/2010/07/najoblubenejsi-internetovy-obchod-na-slovensku-je-opat-martinus-sk>.
- ŠLESAR, Juraj. Týždeň vydavateľstva Marenčin PT so zľavou 25%. *Blog.martinus.sk* [online]. 2012a [Accessed 2012-08-06]. Available at: <http://blog.martinus.sk/2012/07/tyzden-vydavatelstva-marencin>.
- ŠTRBA, Martin. Interview. *Martinus.sk, M. R. Štefánika 58, Martin*. 20th June 2012.

- ŠTRPKOVÁ, A. Vedomostná spoločnosť v praxi a Slovensko. In: *SAV (Slovenská akadémia vied)* [online]. 2009-04-14 [Accessed 2012-05-27]. Available at: http://www.sav.sk/?lang=sk&charset=&doc=services-news&news_no=2556.
- TAKÁCSOVÁ, Anna. Počet aktívnych užívateľov internetu sa zvýšil. *Webnoviny* [online]. 2010-05-19 [Accessed 2012-07-12]. ISSN 1337-0308. Available at: http://www.webnoviny.sk/veda-a-technika/pocet-aktivnych-uzivatelov-internet/140566-clanok.html?from=suggested_articles.
- TASR. Aj Facebook môže knihe pomôcť. *TASR* [online]. [2012a] [Accessed 2012-05-23]. Available at: <http://www.tasr.sk/10/11972.axd?k=20120317TBA00932>.
- TASR. KNIHY: Nákup kníh cez internetové knihkupectvá každoročne narastá. *TASR* [online]. [2012c] [Accessed 2012-07-02]. Available at: <http://www.tasr.sk/10/11972.axd?k=20120322TBA02719>.
- TASR. M.MEŠKO: Výhodou elektronických kníh je ich skladnosť. *TASR* [online]. [2012d] [Accessed 2012-05-25]. Available at: <http://www.tasr.sk/10/11972.axd?k=20120323TBA03783>.
- TASR. Slováci hojne nakupujú aj na internete. Láka ich oblečenie, knihy či obuv. *Atlas.sk: aktualne.sk* [online]. 2012b [Accessed 2012-07-02]. Available at: <http://aktualne.atlas.sk/slovaci-hojne-nakupuju-aj-na-internete-laka-ich-obleceni-knihy-ci-obuv/ekonomika/slovensko-a-ekonomika/>
- TREND. Nominácie Manažér roka 2011: Michal Meško. *eTrend* [online]. 2011 [Accessed 2012-05-11]. ISSN 1336-2674. Available at: <http://podnikanie.etrend.sk/podnikanie-riadenie/nominacie-manazer-roka-2011-michal-mesko.html>.
- UHRIN, Dušan. Nákup cez internet nás láka viac. *HNonline* [online]. 2009 [Accessed 2012-07-03]. Available at: <http://hnonline.sk/ekonomika/c1-36741420-nakup-cez-internet-nas-laka-viac>.
- VALÁŠEK, Martin and Michal MALÝ. Kamenným obchodníkom sa on-line biznis vyplatí. *eTrend* [online]. 2003 [Accessed 2012-05-19]. ISSN 1336-2674. Available at: <http://technologie.etrend.sk/technologie/kamennym-obchodnikom-sa-on-line-biznis-vyplati.html>.
- VOZÁROVÁ, Eva. E-knihy po slovensky: malý výber a bez Kindle: Slovenskí knihkupci začali predávať elektronickú literatúru. *eTrend* [online]. 2010-12-31

[Accessed 2012-06-20]. ISSN 1336-2674. Available at:

<http://technologie.etrend.sk/hardver-a-softver/e-knihy-po-slovensky-maly-vyber-a-bez-kindle.html>.

- WILLIAMSON, David et al. *Strategic management and business analysis*. Amsterdam: Elsevier Butterworth-Heineman, 2004. ISBN 07-506-4295-5.
- ZÁBORSKÝ, Ján, Jarmila HORVÁTHOVÁ and Martin JESNÝ. Hľadanie strateného knižného trhu: Slovenský knižný biznis má po rokoch poklesu dobré vyhliadky na oživenie. *eTrend: Ekonomika* [online]. 2006-03-03 [Accessed 2012-06-27]. ISSN 1336-2674. Available at: <http://ekonomika.etrend.sk/ekonomika-slovensko/hladanie-strateneho-knizneho-trhu.html>.
- ŽITŇANSKÝ, Eduard. Martinus.sk je v špičke: V rebríčku Deloitte Technology Fast 500 EMEA je aj ďalšia slovenská firma Sygic. *eProfit: BIZNIS A PRÍBEHY* [online]. 2011-11-29 [Accessed 2012-06-21]. Available at: <http://profit.etrend.sk/biznis-pribehy/martinus-sk-je-v-spicke.html>.