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## EXPANSION STRATEGY OF BURDA AUCTION, S.R.O. INTO GERMANY

STRATEGIE VSTUPU BURDA AUCTION, S.R.O. NA TRH SPOLKOVÉ REPUBLIKY NĚMECKO

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## **MASTER'S THESIS ASSIGNMENT**

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

List of literature:

BENNETT, R., BLYTHE, J. International marketing: strategy planning, market entry. 3rd ed. Sterling, VA: Kogan Page, 2002, 362 s. ISBN 07-494-3808-8.

GILLIGAN, C., HIRD, M. International marketing: Strategy and management. Dover N.H.: Croom Helm, 1986, 310 s. ISBN 07-099-3841-1.

HOOLEY, G., J., PIERCY, F.P., NICOULAUD, B. Marketing strategy and competitive positioning. 4. vyd. Harlow: Financial Times Prentice Hall, 2008, 614 s. ISBN 978-0-273-70697-7.

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MINTZBERG, H., QUINN, B. J., GHOSHAL, S. The strategy process. Rev. European ed. London: Prentice Hall, 1998. ISBN 01-367-5984-X

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## **Abstrakt**

Diplomová práce analyzuje možnosti vstupu Burda Auction, s.r.o. na filatelistický trh Spolkové republiky Německo. Obsahuje zhodnocení teoretických poznatků a používaných analytických metod, které jsou poté aplikovány při analýze německého trhu s filatelií a konkurenčního prostředí. A poté navrhuje vhodné strategie pro expanzi firmy Burda Auction, s.r.o. na německý trh.

## **Abstract**

The thesis analyses the possibility of expansion of Burda Auction, s.r.o. into German market with philately. It includes analytical methods and theoretical knowledge which is then used for analysis of German market with philately and analysis of competition environment. Then it proposes suitable expansion strategies for the entry of Burda Auction, s.r.o. into the German market.

## **Klíčová slova**

strategie vstupu na trh, SWOT analýza, SLEPT analýza, Porterova analýza pěti sil, marketingová strategie, strategie, analýza konkurence, filatelie, Německo, aukce

## **Key words**

market entry strategy, Porter's five forces analysis, SWOT analysis, SLEPT analysis, marketing strategy, strategy, competitors analysis, philately, Germany, auction

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## **Statutory declaration**

I declare that submitted master's thesis is authentic and worked up independently. I also declare that citations are complete and copyrights are not violated (pursuant to Act. No. 121/2000 Coll., on copyright and on laws related to copyright Act.).

Brno, 27th July 2012

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Martin Sikora

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## **Introduction**

The Burda Auction, s.r.o. operates and is already well established on Czech market with philatelic items. As the management of the company wants to expand its customers base and the Czech philatelic market has a certain size, the company is looking for new possibilities for expansion.

One of these possibilities is to enter foreign market with philately. The German market was chosen because of its size and relative closeness. But as there aren't any known studies or analyses available about the German philatelist market, the Burda Auction cannot do an informed decision based on facts.

This work aims to analyse the German market with philately and propose a suitable strategy or strategies that Burda Auction can use to enter the German market.

The first part of this work present the basis of theoretical background that is appropriate to use for analyses and evaluation of the expansion into the German market and to identify possibilities and assess situation on the market.

Next part of this work analyses, on the basis of theoretical background, the German market. The PESTEL analysis of the macro-environment, SWOT analysis of Burda Auction, the Five Forces analysis, the competitor analysis of selected German companies, the market entry mode analysis and the 7Ps marketing analysis are carried out. The results of these analyses provide the relevant knowledge and also help to identify the appropriate strategies for possible use.

Third part of this work proposes strategies for expansion of Burda Auction into German philatelic market. It proposes the strategy for acquirement of items, auction strategy, three possible market entry strategies and the marketing strategy. It also contains capital requirements and cost of proposed strategies and estimates the return on investment for each strategy.

## **1 Executive summary**

The expansion and market entry into German philatelist market is one of the possibilities that the Czech company Burda Auction, s.r.o. can use for expansion. This work analyses the German market with philately based on theoretical methods described in this work and the proposes possible strategies for expansion into the German market with philately.

The German market with philately is mature, with many established competitors. The conducted PESTEL analysis, Porters Five Forces analysis, competitor analysis, market entry modes analysis and 7Ps marketing mix analysis all identified important points that must be taken into account for strategy creation and showed that the Burda Auction company can enter the German market if the right strategy is chosen.

The proposed overall expansion strategy is then made from and strategy for acquirement of strategic philatelist material, strategy for auctions for German market, three market entry strategies (direct export, buying an existing company, setting up new company in Germany) and the marketing strategy.

The strategies have each different capital requirements and generated income levels but all of them are possible for Burda Auction to use and will generate profit that will cover all the associated costs in acceptable time frame.

The Burda Auction can use one the proposed strategies or use the knowledge gained from the work, that is not readily available from any other sources, for additional consideration of market entry into Germany or to update their current company strategy.

## 2 Theoretical basis of the work

There are many books and many other types of literature and information available about market entry strategy and about the steps and procedures that are needed for the selection of the most suitable market entry strategy and the methods for effective marketing.

By Mario Glowik<sup>1</sup> and by Griffin and Pustay<sup>2</sup> it is important to analyse environment of the targeted market and the environment in which the company is operating for better understanding and assessing the feasibility of entering new markets.

### 2.1 Strategy

Michael Porter said that "Strategy is the creation of a unique and valuable position, involving a different set of activities"<sup>3</sup>. But there are many definitions of strategy such as "Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"<sup>4</sup> by Johnson and Scholes<sup>5</sup>. So managers need to develop a suitable strategy to achieve an objective, but for that they need to know what is strategy about and ask the right questions such as:

- "Where is the business trying to get to in the long-term (direction)
- Which markets should a business compete in and what kind of activities are involved in such markets? (markets; scope)
- How can the business perform better than the competition in those markets? (advantage)?
- What resources (skills, assets, finance, relationships, technical competence,

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1 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

2 GRIFFIN, Ricky W a Michael W PUSTAY. *International business*. 6th ed. Upper Saddle River, NJ: Prentice Hall, c2010, xxiv, 630 p. ISBN 978-013-7153-732.

3 PORTER, Michael E. What is Strategy?. In: *Harvard Business Review*. November-December. Harvard: Harvard Business School Publishing, 1996, s. 61-78. , s.70

4 PARTRIDGE, Lesley a Margaret SINCLAIR-HUNT. *Strategic Management*. Harpenden, UK: Select Knowledge Limited, 2005. s.5 ISBN 9780744600650.

5 JOHNSON, Gerry a Kevan SCHOLEES. *Exploring corporate strategy: text*. 6th ed. New York: Financial Times Prentice Hall, 2002, xxxvii, 1082 p. ISBN 027365117XX.

facilities) are required in order to be able to compete? (resources)?

- What external, environmental factors affect the businesses' ability to compete? (environment)?
- What are the values and expectations of those who have power in and around the business? (stakeholders)"<sup>6</sup>

So to create an effective strategy the managers must take each of these questions into account and do appropriate analyses to identify and then select preferred options. For strategic analysis there are many analyses such as PESTEL, Five Forces analysis or SWOT analysis that can be used. And after that managers need to implement selected strategy and manage strategic change.

Managers must also take into account that strategies are often hard to reverse and once is the strategy pursued, it is hard to change it. Also often, based on the scope, strategies often require large sums of capital to implement and can be associated with high risk for the company if the wrong strategy is implemented.<sup>7</sup>

### 2.1.1 Ansoff Matrix

One of methods used for analysing strategies is the Ansoff Matrix.

	Existing products	New products
Existing markets	Market penetration	New product development
New markets	Market development	Diversification

Table 1: Ansoff matrix(Adapted from: Andrew Gillespie, *Foundations of economics*)

When firms focus on existing markets and products, for example if they are trying increase their market share, by Ansoff Matrix they use market penetration strategy.

If the firm target their existing products to new markets and markets as they can

6 PARTRIDGE, Lesley a Margaret SINCLAIR-HUNT. *Strategic Management*. Harpenden, UK: Select Knowledge Limited, 2005. s.5 ISBN 9780744600650.

7 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

target the different age groups, different groups of customers or different geographical markets, they use the market development strategy. With this strategy the firm must take into account the differences in these different markets.

With the development of new products, there are many associated costs such as research and development costs or market research. This new product development strategy can be risky as new products can fail.

Diversification strategy is used when firms create new products and enter new markets to sell them. This strategy is associated with high risk from management perspective, because the firms needs to adapt to new conditions, challenges and use different resources and make decisions to adapt and thrive under these new conditions. This strategy was used by such companies as 3M which has moved from mining to adhesives.<sup>8</sup>

## **2.2 PESTEL analysis**

Part of the process of environmental analysis is the analysis of the elements of the general macro-environment of selected country for expansion. For this the PEST analysis or extended PESTEL analysis can be used. The use is supported by literature by authors such as Glowik<sup>9</sup> or Grant<sup>10</sup>. PESTEL analysis is a analysis that analyse political, economic, social, technological, environmental and legal factors<sup>11</sup>.

### **2.2.1 Political factors**

Political factors in PESTEL analysis are include factors in areas such as trade restrictions, trade tariffs, environmental law, political stability, labour law and tax policy. All of these factors refers and are about the degree of which the government policies influence the economy. Questions such as to what services and goods a government want provide or what are the priorities of the government in terms of business support need to be asked.<sup>12</sup>

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8 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

9 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

10 GRANT, Robert M. *Contemporary strategy analysis*. 6th ed. Malden: Blackwell, 2008, xiv, 482 s. ISBN 978-1-4051-6308-8.

11 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

12 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university

### **2.2.2 Economic factors**

In economic factors the PESTEL analysis is about taxation, interest rates, exchange and inflation rates and economic growth. Each of these factors have high influence on companies that operate on that market. For example the increase or decrease of exchange rate, can affect revenue of company, if that company operate on different markets with different currencies. In the case of interest rates, if the interest rate gets higher it may deter investment because the overall cost of borrowed money gets higher.

### **2.2.3 Social factors**

Social factors include population growth rate, career attitudes, health consciousness and place emphasis on safety. These factors also could take into account attitudes to work, income distribution and ageing population<sup>13</sup>. Trends in social area can influence the expenses that are associated with employees, demand for company products on market and how many possible employees are available on the market. For example, if the population of the country is ageing it can increase costs for firms that need pay into pension funds. Also the ageing population can mean change in the type and range of preferred products.

### **2.2.4 Technological factors**

In current time, the technological factors are of increasing importance as new technologies create new processes and products. Implementing these new technologies can benefit both customers and companies that provide its products to customers. One of the main technologies that affect businesses and customers on a large-scale is internet and communication technologies.

### **2.2.5 Environmental factors**

Climate change and weather are part of environmental factors also with associated environmental issues such as global warming. Current trend is to lessen human impact on the environment and as such the companies need to take this trend into account. Companies that want to be more green need to invest some of their

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Press, 2011, p. cm. ISBN 978-019-9296-378.

13 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.



resources into this area and the returns are long-term. The biggest impact has this trend on transportation and travel industries. But it can also offer some business opportunities.

### **2.2.6 Legal factors**

Factors that are related to the legal environment in marketplace that company operates are included in PESTEL analysis in this part of the analysis. In different countries, there are different legal factors as each country can have different set of laws that affect what and how the company can conduct its business. Changes in legal factors also can affect demand or company costs. Different laws can be in different categories, such as consumer law that should protect the consumer, employment laws that should protect employees and can set minimum wages, etc. Or health and safety laws that set statutory requirements for companies to provide reasonably safe and practical workplace environment. And there are also competition laws that should protect small companies from bullying by the larger firms and to prevent monopolies.<sup>14</sup>

## **2.3 Porter's Five Forces analysis**

The Porter's Five Forces analysis of market structure is used widely as can be supported by literature from Gillespie<sup>15</sup> and Grant<sup>16</sup>. Mario Glowik<sup>17</sup> also use the basis of Porter's Five Forces in his specific adaptation for analysis of the market.

Five forces analysis framework is used for analysing competitive structure of an selected industry. It was developed by Michael E. Porter in 1979<sup>18</sup>. The Five Forces analysis analyse the threat of new entrants, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and rivalry among existing competitors in industry<sup>19</sup>. And each of these five factors, according to Porter, affects the likelihood of companies making profits in given industry<sup>20</sup> and the overall model also analyse the

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14 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

15 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

16 GRANT, Robert M. *Contemporary strategy analysis*. 6th ed. Malden: Blackwell, 2008, xiv, 482 s. ISBN 978-1-4051-6308-8.

17 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

18 PORTER, Michael E. How Competitive Forces Shape Strategy. *Harvard Business Review*. 1979, roč. 57, č. 02, s. 137-145.

19 PORTER, Michael E. The Five Competitive Forces That Shape Strategy. *Harvard Business Review*. 2008, roč. 86, č. 1, s. 78-93. ISSN 00178012.

20 PORTER, Michael E. *Competitive Strategy*. New York, NY: Free Press, 1980

attractiveness of and industry<sup>21</sup>.

### **2.3.1 The likelihood of new entry**

This part of five forces analysis analyse the threat of new entrants into the market, that means how high are the entry barriers in selected industry for new entrants. If the industry sector has high barriers it means that there is lower risk of new entrants into that sector than into the industry sector with low barriers. Also if the sector has low barriers there is higher chance that there will be higher competitive rivalry inside the industry.

As new entrants need to build strong customers base rapidly to survive, they generally use aggressive growth strategy. This, if the industry is not in rapid growth, means that this new entrant will attract customers from already established firms on the market and they often respond by reducing their margins to protect their business.

The analysis of the threat of new entrants needs to identify the barriers to entry or other factors that affect and make it harder for new entrants to enter the firms industry. In the analysis of this threat, criteria such as the following, can be analysed:

- Economies of scale – The size of industry and the number of competitors.
- Brand identity – Intangible quality of products of services that customer's value
- Capital requirements – How much capital investment is required to enter the market.
- Government policy – How government regulate the industry.
- Industry profitability – How profitable is the industry on average.

### **2.3.2 The power of buyers**

In the process of developing strategy and when using Porter's Five Forces analysis, it is also important to know the bargaining power of customers.

If the power of customers is high, they often demand higher quality or better service at the same price level or even with lower price. This means that often if there are powerful buyers on the market, the profitability of industry will be lower. Also the

<sup>21</sup> GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

profitability of industry cannot be determined only by power of buyers and the other factors of Five Forces analysis must be taken into account.

To analyse the power of buyers in industry, it is important to consider and take into account the following generic criteria:

- **The differentiation of outputs** – Are the products or services from customer perspective different? If yes, the firm can get better negotiating power, if no the customers get more bargaining power.
- **Switching costs** – How much would cost the customer the change of supplier? These costs could be legal costs associated with new contracts, the cost of adopting new procedures or retraining employees or intangible costs such as increased risk.
- **Presence of Substitutes** – Are there products or services that can customers use from different industry? For illustration as substitutes we can consider electricity instead of petrol used as fuel in transportation or shopping online instead of going to the shopping center.
- **Industry concentration relative to buyer concentration** – Means the ratio between the number of competitors and the number of buyers. If the number of customers increases relative to the number of suppliers the negotiating power of customers decrease.
- **Importance of volume to buyers** – Buyers that buy higher number of products or services per year are more likely trying to search for or negotiate lower price or want higher quality and better service.
- **Cost relative to total buyer purchases** – If the services or products provided to customer make significant part of the customer expenses, it is more likely that this customer will try to negotiate better conditions for that customer and this negotiation will have higher priority than his other expenses that are not as significant.
- **Impact of outputs on the cost of differentiation** – Will the unique quality of service or product provided by company help the customer to differentiate their service or product? If yes or the service or product is a key component to

customer's service or product, the customer will have less bargaining power.

- **Buyer profitability** – If customers are profitable and are remain profitable, they are less likely to try to negotiate the price of provided products or services as they are less likely concerned with their expenses.
- **Decision makers incentives** – Are customers receiving incentives from competitors such as free tickets? If yes, these incentives can influence their decisions based on something other than merit.
- **Threat of backward integration** – What are the chance that customer could start to offering the same service or product same as his current supplier and therefore eliminate his need of supplier? If the size of customer is larger that average size of suppliers in industry, it is more likely.

Each of these criteria can be used to evaluate and rate the bargaining power of customers.

### 2.3.3 The power of suppliers

The analysis of the bargaining power of suppliers is used to identify how much can the suppliers choose to raise prices, reduce services or quality without consequences. Suppliers power can vary due to seasonal or economic cycles and these cycles must be taken into account. Also often as the profitability of industry decrease, the bargaining power of suppliers increases.

The bargaining power of suppliers is analysed by the same criteria as in the analysis the power of buyers of this Porter's Five Forces analysis. The only change is that this is done on the basis that industry is the customer.

These criteria for analysis are:

- Differentiation of Inputs
- Switching Costs
- Substitute Products
- Supplier concentration relative to industry concentration
- Importance of volume to the supplier

- Cost relative to the total purchases of the industry
- Impact of inputs on cost of differentiation
- Threat of forward integration

#### 2.3.4 The degree of rivalry

This part of Porter's Five Forces analysis analyse the rivalry amongst existing firms in industry and helps to identify and understand the risk associated with competitors competing for a market position and if their tactics are likely to be effective.

On the market, the competitors usually compete using tactics and some of them can be the following: increased customer service, price competition, advertising or longer warranty.

To analyse industry rivalry, it is important to consider factors such as:

- **Industry Growth Rate** – Is about the overall growth of industry. If the industry is in growth phase, the industry offer room for many competing firms to grow and this results in low risk competitor rivalry. And if the industry is mature the demand is stable or even is declining and this means that firms can only grow on the expense of competitors and this results in higher risk of industry rivalry.
- **High Fixed Cost** – Takes into account in what proportion are the fixed cost in the industry to variable costs. If the proportion of fixed costs is high for the targeted industry, the competitors need to maintain volume and this can mean a higher competitor rivalry. Vice versa if the fixed costs are only small portion of total costs the competitor rivalry will be lower as competitors can reduce their output based on demand.
- **Intermittent Over Capacity** – Is often associated with industries that sell products or services on markets that have seasonal cycles or industries where the supply can only be increased in large numbers and refers to products that are for relatively short periods available on market in higher supply than demand. The competitor rivalry increase in periods with too much supply.
- **Product Differences** – If there on the market in selected industry many

products, the firms with products or services that have tangible differences or are different and the customers value them, then the firm will have some protection from competitor rivalry. If the products or services that company offers are the same as are provided by competitors, the competitor rivalry will be higher.

- **Brand Identity** – If firm has a brand that has good customers perception and also the stronger the brand preference by customers is, the risk of competitive rivalry will be lower.
- **Switching Costs** – Are the costs that the customer will need to spend if he wants to change the supplier. If the switching costs are low, the risk of competitor rivalry is higher.
- **Informational Complexity** – Refers to the level of knowledge needed to understand products in industry. If it is easy to understand the products, then the risk of competitive rivalry will be higher.
- **Concentration and balance** – Refers to the situation in industry, such as the degree of satisfaction of competitors with their market share and the overall number of competitors in industry. If in the industry there is low number of competitors and they are satisfied with their market share, the competitor rivalry will be low. But if one or more competitors are not satisfied with their market share the risk of competitor rivalry is higher.
- **Industry Commitment** – If the firms that operate in selected industry operate only in that industry, they are likely to be committed to that industry and would probably remain in the industry even if the results would be poor. This would increase the risk of competitor rivalry, vice versa if the firms operating in the industry would be global conglomerates, they would be less likely operate in industry with small or no profit and this would reduce the competitor rivalry risk.
- **Exit Barriers** – If there are high exit barriers that prevent firms to exit industry, the firms will be likely prepared to operate on marginal profits or even at a loss and there will be high competitor rivalry.

### **2.3.5 The substitute threat**

The analysis of the threat of substitute product or services should identify the probability that customers change their supplier of product or service to alternative product or service that is provided or sold from outside the industry. The impact of these substitutes on industry is depending on the rate which can or are substitutes used. Substitutes can have negligible or no long term impact but they can also decimate industry overnight.

For analysis of the substitute threat there are three basic factors that must be taken into account and these are:

- **The relative price performance of substitutes** –If the total supply chain cost of substitute products is lower than their current cost from current supplier, it will be cost effective to use substitute product or service. And also if for customers the quality of service or product that is used as substitute is same or higher the probability that customer will adopt substitute product or service is higher.
- **Switching costs** – How much will cost the customer the change to alternative product or it is cost free for customer? In these costs there should be included possible costs of administrative or legal services that are associated with new contract and also intangible cost such as risk.
- **Buyer propensity to substitute** – Customers can also have loyalty to services or products provided by their supplier, so they don't think about substitutes and this mitigate the risk of substitute. Also it is possible to identify the things that can be changed to change customers propensity to try substitute products.

## **2.4 SWOT analysis**

To determine internal strengths and weaknesses (or limitations) and compare them to external opportunities and threats to better form the strategy for companies the SWOT analysis is very often used. This whole process is then called SWOT analysis.

To provide relevant results it's important to identify the specific weaknesses and strengths of analysed company by the managers. Identified factors then should be rated

by their significance. After this they should compare the internal strengths and weaknesses with the external threats and opportunities identified by PESTEL analysis.

Companies can use their strengths to develop a strategy that uses them as their main element that they are build upon. For example a possible strength can be good distribution network or strong brand, it can also be high efficiency of operations or high quality products or services. It can also be qualified workforce or easy access to capital.

Companies should also protect themselves against identified weaknesses. If one of identified weaknesses is its supplier chain it can and should find new suppliers.

The SWOT analysis is not as easy as it seems and its importance for strategy should not be underestimated. It is important that managers look at possible strengths and weaknesses from different perspectives and avoid “perceptual filtering”, i.e. they see only what they want to see. Then managers must take the results of SWOT analysis and work out to select strategy, that has the highest chance to success.<sup>22</sup>

## ***2.5 Competitor analysis***

One of possible analyses that are used in the process of strategy development is the competitor analysis. This analysis is used in strategic management and marketing to assess the strengths and weaknesses of already established and potential competitors<sup>23</sup>.

The main objectives of this analysis is by the Babette and Bensoussan is to:

- ”identify competitors future plans and strategies
- predict competitors likely reactions to competitive initiatives
- determine the match between competitor's strategy and its capabilities
- understand competitors weakness.”<sup>24</sup>

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22 GILLESPIE, Andrew. *Foundations of economics*. New book ed. New York, NY: Oxford university Press, 2011, p. cm. ISBN 978-019-9296-378.

23 FLEISHER, Craig S a Babette E BENSOUSSAN. *Business and competitive analysis: effective application of new and classic methods*. Upper Saddle River, NJ: Financial Times Press, c2007, xxxii, 491 p. ISBN 978-013-1873-667.

24 BENSOUSSAN, Babette E. a FLEISHER. *The Financial Times guide to analysis for managers: Effective planning tools and techniques*. [New ed.]. Harlow, England: Financial Times Prentice Hall, 2009. p. 38. ISBN 02-737-2201-8.



One of the first strategists that proposed to use systematic model to analyse competition was Michael E. Porter. To be better prepared with regards to competitors and the possible changes in their strategies in response to the firm own or other firms strategies or other external changes in the competitive environment, the systematic model encourage firms to use past and current information about competitors to predict strategic moves of firm competitors.

In the process of competitor analysis there are seven steps and they are:"

1. Determine who your competitors are.
2. Determine who your potential competitors may be.
3. Decide what information you need about these competitors.
4. Conduct a competitor analysis of the gathered informations.
5. Present your insights to decision makers in an appropriate format and in timely manner.
6. Develop a strategy based on the analysis.
7. Continually monitor competitors and scan for potential competitors."<sup>25</sup>

From competitor analysis firms can also get many additional benefits, one of these could be a more proactive and aggressive competitive strategy based on the overall business environment or the acquired knowledge can help the firm to create strategy that has parameters to anticipate the possible moves of competitors.

The competitor analysis also have some weaknesses. If firm uses the competitor analysis as cornerstone of their strategy, the firm then can become follower because the strategy is too targeted on existing competitors. It can also make firm blind to new competitors or new innovative approaches.

And also additional knowledge gained about competitors can offer competitive advantage for the firm as it can use this knowledge and incorporate it in its corporate strategy.

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<sup>25</sup> BENSOUSSAN, Babette E. a FLEISHER. *The Financial Times guide to analysis for managers: Effective planning tools and techniques*. [New ed.]. Harlow, England: Financial Times Prentice Hall, 2009. p. 42. ISBN 02-737-2201-8.

## 2.6 *Market entry modes analysis*

If the other analyses support the suitability of the selected market, it is important to select the best market entry mode for the company with accordance to internationalization theories<sup>26</sup>.

First part of the decision process that companies need to do when they analyse and then select their market entry method, is the evaluation and setting of strategic priorities. There are four main strategic determinants identified by Mario Glowik (2009)<sup>27</sup>:

- **Degree of hierarchical control**

How much the company wants to control foreign operations? For this the company needs to consider the financial and human resources available, the government regulation in the foreign market, the protection of their intellectual property rights, the strategic market importance and the degree of market experience.

- **Market entry rapidity**

The company needs to evaluate if it's in their best interest to use delayed or fast entry into the foreign market. For this evaluation the company needs to consider issues such as the advantage of pioneers and disadvantages of newcomers into the market, the threats of technological product substitutions, the capital requirements of investment and the intensity of competition or the risks associated with entry without good preparation or with wrong partner.

- **Proximity to the market**

The necessity of how close is the market must be also taken into account. For this the company needs to take into account the issues like the size of the market and the possibility of the future changes of market, the transportation costs and the time that the transportation require, the expectations of customers on the foreign market with regards to the products design or service and also the similar products, the image the company wants to present to local customers, and the

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26 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

27 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

socio-cultural issues that could be present on the market, the rules that foreign government impose such as import tariffs.

- **Investment risk**

The company must take also into account if it will be able to cope with the investment cost and the risk that is inherent. For this consideration the company needs to take into account their product margin, their external and internal financial resources, the forecast for targeted market (turnover and margins), the return on investment ratio and time horizon and the debt to equity ratio.

The second part of the decision process is the evaluation of modes that company can use for their market entry. Mario Glowik has divided market entry modes into three categories<sup>28</sup>. These categories are and the market entry methods in these categories are the following:

1. **Contracting** (market mechanism)

- **Indirect export** of goods or services is when company use domestic exporting company or domestic branch of a foreign importer.
- **Direct export** of goods or services is when the company sells directly to the foreign customers.
- **Licensing** is when a company (licensor) sell the licensee, based on a contract, the right to use the assets. The licensor is owner of the intellectual or industry know-how, and only transfers this know-how to licensee. The licensee takes all the risks and costs associated with running the business such as the needed financial investment or the marketing, sales and distribution costs of sold services or products.
- **Franchising** is when a company (franchisor) sells to the franchisee the right to under the franchisor's established brand name to sell products or offer services (market goodwill). The franchisor sells to the franchisee an already proven business concept. The franchisees are often in higher number and

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<sup>28</sup> GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

they are often small businesses. This system is often very successful because it provides to the franchisee the research and development done by the franchisor and the franchisor gets the knowledge, talent of franchisees with the associated economy of scale.

- **Contract manufacturing** of goods or services is done when a company wants to outsource some part of the manufacturing process. It can outsource only the pre-assembly of components or it can outsource to final-assembly of finished products or it can outsource the complete manufacturing process (full-assembly) which is done by companies that do OEM (Original Equipment Manufacture).
- **Management contracts** are used by companies (managed firm) when they want to use knowledge or personnel from outside of company or from different country. This is often done on the basis of some specific operation, such as training of employees, and the personnel with the needed know-how is provided by the contracting firm for specified time at a specified fee. The provided personnel often helps to keep the operations of company running until a local personnel attained the needed knowledge.
- **Turnkey contracts** (turnkey operation) are used when a company wants to outsource the whole process of designing, constructing and even a starting-up and acquiring local employees with needed knowledge to run a project in a foreign country. This method is often used by companies that have specific engineering or have complex technological processes know-how. The outsourced company can operate the facility for a time and in this operating period it earns back the investment and also additional profit.

## 2. **Cooperation** (hybrid forms)

- **Strategic alliances** are used when two or more companies want to participate in agreement to improve their mutual competitive position and help them to achieve their business objectives. The reasons for which the strategic alliances are done could be to facilitate the entry of a company to a foreign market with the use of a local firm or to get effects from complementary skills and assets of alliance members. These alliances are

often long-term and offer to the members of the alliance the access to strategically relevant resources. In this form of cooperation the companies often don't commit equity and remain legally independent from each other.

- **International joint ventures** are used when two or more companies want to undertake a business, that is in their interest. They then create a new company that is established as a new legal entity. Each of the members of the joint venture contribute the same offer of an investment into the new entity. The strategic decisions are made by majority vote. The international joint venture is when at least one of the founding members is from outside the country in which the established new company operate or when the established company have a significant level of operations in more countries.

### 3. **Wholly owned subsidiary** (hierarchy)

- **Overseas branches** are representative offices or sales branch of a company than is based in foreign country. This method has the lowest cost for a company in the category of direct foreign investment.
- **Wholly owned subsidiary** is when a company buy or set-up a company that operate on a foreign market. The acquisitions can provide the parent company with capabilities, expertise of the acquired company. The company also can set-up a new company on foreign market, possibly as a greenfield investment, with all the risks and tasks associated with establishing new company.

In the following table we can see the difference in the entry rapidity, degree of hierarchical control, investment risk and the proximity to the market between the different market entry modes as specified by Mario Glowik<sup>29</sup>.

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<sup>29</sup> GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

<b>Market entry mode</b>	<b>Entry rapidity</b>	<b>Degree of hierarchical control</b>	<b>Investment risk</b>	<b>Proximity to the market</b>
Indirect export	high	low	low	low
Direct export	high	low	low	low
Licensing	high	low	low	low
Franchising	high	low	low	low
Contract manufacturing	medium	low-medium	low-medium	medium
Management contracts	medium	medium	medium	medium
Turnkey contract	medium	medium	medium	medium
Strategic alliance	medium	low-medium	low-medium	medium
International equity joint venture	medium	medium	medium	medium
Overseas branch network	low	high	high	high
Wholly owned manufacturing plant	low	high	high	high

Table 2: Overview of market entry modes by (Source: Mario Glowik<sup>30</sup>)

It must be also said, that there are more research available and done in the area of market entry and different authors categorize differently. Lee and Carter (2005)<sup>31</sup> categorize market entry modes into marketing orientated, contractual, shared owned and controlled and wholly owned and fully controlled. In marketing orientated entry mode he include direct and indirect exporting. Contractual mode include franchising, licensing, alliances, contract manufacturing and management service contracts. Joint ventures and partial mergers and acquisitions are included in shared owned and controlled mode and in wholly owned and fully controlled market entry mode are subsidiaries, representatives and assembly.<sup>32</sup>

Darling and Seristö<sup>33</sup> divided market entry modes into three groups: export entry

30 GLOWIK, Mario. *Market Entry Strategies: Concepts and Cases: Samsung, TCL-China and Sharp*. [Online-Ausg.]. München: Oldenbourg, R, 2009. ISBN 978-3486584127.

31 LEE, Kiefer a S CARTER. *Global marketing management: changes, challenges and new strategies*. New York: Oxford University Press, 2005, xxxi, 582 p. ISBN 978-019-9267-521.

32 LEE, Kiefer a S CARTER. *Global marketing management: changes, challenges and new strategies*. New York: Oxford University Press, 2005, xxxi, 582 p. ISBN 978-019-9267-521.

33 DARLING, John R. a Hannu T. SERISTÖ. Key steps for success in export markets: A new paradigm for strategic decision making. In: *European business review*. Emerald Group Publishing Limited, 2004, s. 28-43. 16, 1. ISSN 0955-534X. DOI: 10.1108/09555340410512394.

modes, contractual entry modes and investment entry modes. The export entry modes group include indirect and direct export. Contractual entry modes are the same as the contractual entry modes category by the Lee and Carter<sup>34</sup>. In the investment entry are included foreign sales branch and foreign sales subsidiaries.

## ***2.7 7Ps Marketing Mix model***

The 7Ps marketing mix model is an extended model of a basic and widely used four Ps marketing mix model. The basic four Ps are: product, place, price and promotion and the extended model use additional three Ps: process, physical evidence and people.

One of the first of marketing mix concepts, was introduced by Borden in 1965<sup>35</sup> with twelve elements in the marketing mix proposed for manufacturers. Borden also claims that he was the first that used the term “marketing mix” and attributes the term to Culliton<sup>36</sup>, who did previous research in this area and as Border says that “Culliton's description of a marketing manager as a “mixer of ingredients” immediately appealed to me as an apt and easily understandable phase”<sup>37</sup>.

The marketing mix, often referred as 4Ps was introduced by McCarthy in 1964<sup>38</sup> as he classified the mix into a number of Ps (product, price, promotion and place).

There are also many studies that criticise the 4P framework and also many proposals on modification of 4Ps framework, mainly from the services marketing area, from authors such as Kotler (1986)<sup>39</sup> or Waterschoot and Bulte (1992)<sup>40</sup>.

In 1981 Booms and Bitner proposed to add three additional Ps to to the basic framework. These Ps are: processes, physical evidence and participants. Their proposal

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34 LEE, Kiefer a S CARTER. *Global marketing management: changes, challenges and new strategies*. New York: Oxford University Press, 2005, xxxi, 582 p. ISBN 978-019-9267-521.

35 BORDEN, Neil H. The Concept of the Marketing Mix. In: *Science in Marketing*. New York, NY: John Wiley & Sons, 1965, s. 386-97. 4, June.

36 CULLITON, James. *The Management of Marketing Costs: Division of Research, Graduate School of Business Administration*. Boston, MA: Harvard University, 1948.

37 BORDEN, Neil H. The Concept of the Marketing Mix. In: *Science in Marketing*. New York, NY: John Wiley & Sons, 1965, s. 386-97. 4, June. s.8

38 MCCARTHY, E. Jerome. *Basic Marketing*. 2nd. Homewood, IL: Richard D. Irwin, 1964.

39 KOTLER, Philip. Megamarketing. In: *Harvard Business Review*. Boston, MA: Harvard Business Publishing, 1986, s. 117-124. 64, March/April.

40 VAN WATERSCHOOT, Walter a Christophe VAN DEN BULTE. The 4P classification of the marketing mix revisited. In: *Journal of marketing*. Chicago, IL: American Marketing Association, 1992, s. 83-93. 56, October. ISSN 0022-2429.

gained widespread acceptance in the services marketing literature as this extension provided more coherent approach. This extended marketing mix (7Ps) can be also applied to “consumer goods, marketing situations and demonstrates the clear advantages that it has over the 4Ps framework.”<sup>41</sup>

So what is a marketing mix as there are different frameworks? By Kotler, et.all the Marketing mix is : “the set of the marketing tools that the firm uses to pursue its marketing objectives in the target market”<sup>42</sup>

In the Table 3: Marketing mix comparison (4P & 7P) there is clearly illustrated the difference between the 4Ps and 7Ps marketing mix models and the factors that are associated with the different Ps. The Ps will be more explained later in this chapter. The use of 7Ps model is also supported by the data from the exploratory survey of UK and European marketing academics done by Rafik and Ahmed, published in the year 1995 where the conclusion is that “Overall these results provide fairly strong support for our contention that Booms and Bitner’s 7P framework should replace McCarthy’s 4Ps framework as the generic marketing mix.”<sup>43</sup>

But there is also many arguments that the 4Ps model is effective as “Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organised around it (NetMBA, n.d). In spite of its deficiencies, the 4Ps remain a staple of the marketing mix.”<sup>44</sup>

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41 RAFIQ, Mohammed a Pervaiz K. AHMED. Using the 7Ps as a generic marketing mix: an exploratory survey of UK and European marketing academics. In: *Marketing Intelligence & Planning*. Bradford: MCB University Press Limited, 1995, s. 4-15. Vol. 13: No. 9. s.4 ISSN 0263-4503.

42 KOTLER, Philip, Kevin Lane KELLER, Ang Swe HOON, Leong Siew MENG a Tan Chin TIONG. *Marketing management: an Asian perspective*. 2nd. Singapore: Prentice Hall, 1996. s.328 ISBN 978-013-2548-977.

43 RAFIQ, Mohammed a Pervaiz K. AHMED. Using the 7Ps as a generic marketing mix: an exploratory survey of UK and European marketing academics. In: *Marketing Intelligence & Planning*. Bradford: MCB University Press Limited, 1995, s. 4-15. Vol. 13: No. 9. ISSN 0263-4503. s.14

44 GOI, Chai Lee. A Review of Marketing Mix: 4Ps or More?. In: *International journal of marketing studies IJMS Canadian Center of Science and Education*. Ontario: Canadian Center of Science and Education, 2009, s. 1-15. No. 1: Vol .1. s.5 ISSN 1918-7203. Dostupné z: <http://www.ccsenet.org/journal/index.php/ijms/article/view/97/1552>



<b>The 4Ps Marketing mix, Source: Kotler (1976)<sup>45</sup></b>						
<b>Product</b>	<b>Price</b>	<b>Place</b>	<b>Promotion</b>	<b>Participants</b>	<b>Physical evidence</b>	<b>Process</b>
Quality	Level	Distribution channels	Advertising			
Features and options	Discounts and allowances	Distribution coverage	Personal selling			
Style	Payment terms	Outlet locations	Sales promotion			
Brand name		Sales territories	Publicity			
Packaging		Inventory levels and locations				
Product line		Transport carriers				
Warranty						
Service level						
Other services						
<b>The 7Ps marketing mix, Source: Booms and Bitner (1981)<sup>46</sup></b>						
Quality	Level	Location	Advertising	<b>Personnel:</b>	<b>Environment:</b>	Policies
Brand name	Discounts and allowances	Accessibility	Personal selling	Training	Furnishings	Procedures
Service line	Payment terms	Distribution channels	Sales promotion	Discretion	Colour	Mechanization
Warranty	Customer's own perceived value	Distribution coverage	Publicity	Commitment	Layout	Employee discretion
Capabilities	Quality/price interaction		Personnel	Incentives	Noise level	Customer involvement
Facilitating goods	Differentiation		Physical environment	Appearance	Facilitating goods	Customer direction
Tangible clues			Facilitating goods	Interpersonal behaviour	Tangible clues	Flow of activities
Price			Tangible clues	Attitudes		
Personnel			Process of service delivery	<b>Other customers:</b>		
Physical environment				Behaviour		
Process of service delivery				Degree of involvement, Customer/Customer contact		

*Table 3: Marketing mix comparison (4P & 7P)*

45 KOTLER, Philip. *Marketing management: analysis, planning, and control*. 3d ed. Englewood Cliffs, N.J.: Prentice-Hall, c1976, xi, 529 p. ISBN 01-355-7959-7.

46 BOOMS, B.H: a M.J. BITNER. *Marketing Strategies and Organization Structures for Service Firms*. In: *Marketing of Services*. Chicago, IL: American Marketing Association, 1981, s. 47-51.

So in the end the marketing strategy can be developed on the both models as the people in charge of marketing of companies can select the model of marketing mix that is most suitable for them and their company.

The marketing strategy should be developed by the managers to satisfy the need of targeted markets and accomplish selected objectives and can be viewed as developing a marketing mix. As these activities are affected by two types of variables:

- the Ps in the marketing mix and
- the outside environment such as economic, political, demographic, social and cultural environment and technology and competitors strengths and weaknesses.

And it's also important to take into account that to achieve the goals set by the organisation, the organisation must constantly adapt their marketing mix of procedures and policies to keep with the changes in the dynamic environment.<sup>47</sup>

In the process of developing and then in the process of continual evaluation and re-evaluation of business activities, the company needs to take into account, if they use the “Seven P Formula”, all the Ps.

### **2.7.1 Product**

The first P is the “Product”. The product or service is a company core offering and needs to fulfill the needs of customers. It is important to look at the product as an marketing consultant that is from outside a company, that is, looking critically at a product and decide if it is the right product, in the right time for the company.

Some critical questions need to be asked and one of them is the question if the current product or service is at the current time appropriate and suitable for the market and the customers. This question should be also asked if business have problems with selling their products and services.

It is also important to take into account the quality of offered product, because if

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<sup>47</sup> LOW, Sui Pheng a Martin C.S. TAN. A Convergence of Western Marketing Mix Concepts and Oriental Strategic Thinking: Examines How Sun Tzu's The Art of War Can Be Applied to Western Marketing Concepts, Marketing Intelligence & Planning. In: *Marketing Intelligence & Planning*. Bradford: MCB University Press Limited, 1995, s. 36-46. 13, 2. ISSN 0263-4503.

the offered product or service is faulty, then also everything else fails. The products or services of competitors that can be or are substitutes must be also taken into account in the process of marketing strategy formulation.

Also the assessment of superiority of the service or product currently offered and the possibility of developing an area of superiority and the assessment of suitability of this product in the current marketplace.

### **2.7.2 Price**

The “Price” is the second P in the formula. Price has a high impact on the buyers satisfaction levels and this translate to the need to continually examine and re-examine the prices of services and products that company sells to confirm that the set price is appropriate with relation to the market situation. The price is also often the most flexible and quickest of the Ps to change<sup>48</sup>. The price for customer is the total cost of product or services he adopted that include also the cost of transportation, accessories and even the cost of disposing the predecessor.<sup>49</sup>

The company should be open to the possibility that the pricing structure, that is currently used could not be the most ideal for the market and be prepared to revise and set prices based on the fast-changing marketplace if the company wants to remain competitive. The price of product can be set by the company on the basis of the strategy used by the company for the price formation. Companies can raise their prices to make higher profit and then sell smaller quantity of products or services but generate higher profit on every sale or lower the prices and have less profit but sell in higher quantity. Companies can also offer different method of payments such as payment plan, where the price is paid by customers in instalments over series of months.

The company can also combine its products or services into special packages, special offers or special promotions or include some additional items for free, that cost very little but make the offered product or service more appealing to customer at current price level.

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48 LAMB, Charles W, Joseph F HAIR a Carl D MCDANIEL. *Essentials of marketing*. 7th ed. Mason, Ohio: South-Western Cengage Learning, 2012, xxiii, 648 p. ISBN 05-384-7834-9.

49 BLYTHE, Jim. *Key concepts in marketing: Sage Key Concepts Series*. London: SAGE Publications Ltd, 2009, ix, 219 p. ISBN 18-478-7499-1.

### **2.7.3 Place**

The third P is the Place, in context of marketing mix the place is where the product or service is actually sold. The place can be different side to price for the customer., for example, if the customer must drive more as the place where the company sells its products or services, the total cost for customer will be higher. Also the company should take into account the availability of products they offer to customers.

The company can sell its products or services in many different places and also many different methods such as telemarketing, catalogues or mail orders, through salespeople, sell directly or retail stores. There are even more channels that can be used and some of the major ones are selling through joint ventures, representatives or distributors. Also companies can use one or combination of these methods based on their preference.

As the companies offer different products or services, each company must take into account many factors and make the right choice of method that the company will use to sell its products or services. They need to provide the customers with the best location or place to help the customer with his buying decision. Also the companies need to review the place if it is still relevant because the change of place can lead to increase in sales.

### **2.7.4 Promotion**

The fourth P is the promotion, from the marketing view the promotion is anything that is used by company to tell customers about company products or services and also how is the products marketed and sold to customers. It is also about the communication with customers and promotion includes advertising, sales promotion, personal selling and public relations.<sup>5051</sup>

Good promotion is important as it can increase the number of products sold or services provided to customers. Often even small changes in advertisement can lead to higher sales and because of this many firms use specialized companies that provide

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50 LAMB, Charles W, Joseph F HAIR a Carl D MCDANIEL. *Essentials of marketing*. 7th ed. Mason, Ohio: South-Western Cengage Learning, 2012, xxiii, 648 p. ISBN 05-384-7834-9.

51 GITMAN, Lawrence J a Carl D MCDANIEL. *The future of business: the essentials*. 4th ed. Mason, OH: South-Western Cengage Learning, 2009, xxvii, 500 p. ISBN 9780324590753.

services such as copy-writing.

Companies of different sizes or in different sectors often use different methods of promotions and often experiment with different methods of promotion as the markets differ and there are many types of promotion that companies can use. The companies must also take its public relations into account as good publicity helps company but bad publicity can cost a lot for the company in the lost business<sup>52</sup>. The promotion can be also quite expensive<sup>53</sup>.

### **2.7.5 Participants (people)<sup>54</sup>**

This fifth P, included in the 7Ps marketing mix, includes employees, suppliers and customers. These participants are not only the people that are directly associated with the product or service, such as the front office workers or customer, but also people in back office or people in the suppliers chain. In this concept also led to development of internal marketing.

So the company should develop a habit to think about people inside and outside the business who are responsible for different elements of sales, strategy and activities. The company should take into account who will carry out each task and responsibility and take into account the difference in individual attitudes, their motivation or training.

### **2.7.6 Physical evidence (packaging, physicality)<sup>55</sup>**

The physical evidence is the sixth P and is what the customers see or feel that is supporting the company product or service. We could also say that packaging is the visual element of the product or service as can be seen. It is not only the visual impact of the product, but also other things that customer sees from the first moment of contact with the company and all the way through the purchasing process.

The physical evidence include aisles and sections, checkout counters and the look of offices and the dress code of employees. It also includes the look of brochures,

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52 GITMAN, Lawrence J a Carl D MCDANIEL. *The future of business: the essentials*. 4th ed. Mason, OH: South-Western Cengage Learning, 2009, xxvii, 500 p. ISBN 9780324590753.

53 ARMSTRONG, Gary a Philip KOTLER. *Principles of marketing*. 13th ed. Upper Saddle River, N.J: Prentice Hall, 2009, 637 s. ISBN 9780137006694.

54 GROUCUTT, Jon, Peter LEADLEY a Patrick FORSYTH. *Marketing: Essential Principles, New Realities*. Sterling, VA: Kogan Page, 2004, xviii, 540 p. ISBN 07-494-4114-3.

55 GROUCUTT, Jon, Peter LEADLEY a Patrick FORSYTH. *Marketing: Essential Principles, New Realities*. Sterling, VA: Kogan Page, 2004, xviii, 540 p. ISBN 07-494-4114-3.

correspondence and all other visual elements of the company. It could also include the ease of access, this means the layout of store and the location of product on the shelves and even the expectation of customers to find similar products close. Even the colour and lighting and the look of exterior of the building or the landscaping and the look of company cars can be important if the company wants to project specific image.

Because of this, some companies have corporate brand manual and strictly set dress code to present “standardized” corporate image.

### **2.7.7 Process<sup>56</sup>**

The processes, the seventh P, are something we can describe as the backbone of the products or services offered and delivered. The processes are more important in the services environment. Processes have direct impact on the quality of products and services offered to customers and can be non-technological and technological. Technological processes are influenced by technology and progress of technology and often evolve over time. This progress can be illustrated with introduction of barcodes, that allowed faster checkout, reduced the number of errors, and enabled more additional secondary effect as the loyalty card systems. This progress helped customers, retailers and even the employees.

Processes are often set by the company policies and often use mechanisation. In the processes there are directly or indirectly involved employees and also customers. Many companies also often standardize the processes in the whole company or subsidiaries to provide the same level of services to customers in different places.

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<sup>56</sup> GROUCUTT, Jon, Peter LEADLEY a Patrick FORSYTH. *Marketing: Essential Principles, New Realities*. Sterling, VA: Kogan Page, 2004, xviii, 540 p. ISBN 07-494-4114-3.

### **3 Problem analysis and current situation**

The Burda Auction, s.r.o. , is currently well established on the Czech market and as the company management wants to expand its reach and customer base, one of the possible options for expansion is the the expansion into the German market with philately.

The expansion into new market, that is different and bigger than the market in the home country of Burda Auction is associated with many risk and also offers many options that Burda Auction can use, if it is feasible, to enter the market.

To evaluate the possibility and to assess the risks, it is important to do analysis of the markets to evaluate the risks and opportunities, which will be done in this chapter.

#### ***3.1 Company introduction***

The history Burda Auction, s.r.o. (company for short) is relatively short as its roots are from the 1990's. The company was created by the transformation of the previous one man company of Richard Burda that used business name “Filatelie Burda”, into the current company form of limited liability with new name Burda Auction, s.r.o. in the year 2006. The company main area of business is the collector's items market, and is primarily targeting market with philately.

The company organises public and written auctions and also operates internet shop. The main sale channel are the auctions. The company is slowly abandoning the written auctions and will primarily use the public auctions. Public auctions are done by bids sent to auctioneer in specified time and then by using auction room where the clients bid for items in real-time against each other. The printed auction catalogues of Burda Auction have high quality but are only in Czech language.

The Burda Auction is, as part of its strategy, investing into the technologies that should help to acquire new customers and provide better services to its current customers. One such technology is the WebRoom, that allows registered customers to bid in the real time over the internet via special web application against the customers that are physically in the auction room where the auctioneer auctions items if the auction is a public auction.

Burda Auction also have and operates website that is made specifically for the

type of items that company sells and on which customers can find all informations about the items that are sold in the current auction with photo-documentation of offered items in high quality. On the website the customers can also find internet shop with more than 10 000 items on sale and archive of auctions. Website is primarily in Czech language, but for international clients the website has also its language mutation in English and German language but the language versions of website are not fully translated in currently.

The main customer base of Burda Auction is in the Czech and Slovak republic where they have currently about 9 000 clients in their database. They also have about 10 000 clients from other countries in their database. From these clients only about 3 100 clients purchased something in the last 3 years, and about 95% of them were from the Czech or Slovak republic.

The company headquarters are located at Malá Stránka 8 in the village Střelice, but the main office of Burda Auction is at Bohunická 81 in Brno, which is the second most populous city in Czech Republic. The company also have branch office at Jihlavská 78 in Praha, which is the capital city of Czech Republic.<sup>57</sup>

The company is currently family owned and employs 6 people full-time and 5 people part-time. Most of these people are employed in the main office in Brno. In the main office there also currently available employees that can communicate with clients in English and Deutsch language.

### ***3.2 Problem determination***

As the Burda Auction company is already well established on the Czech and Slovak markets, the company is looking for more opportunities of growth in the international market.

The management of Burda Auction has selected Germany as a possible market for expansion, because this market looks interesting and should offer opportunities for expansion and growth. Also as the German language is used also in Austria, the use of the German language offer more opportunities than only the German market. One of the important reasons that influenced the decision on the possibility of Germany as the

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<sup>57</sup> BURDA AUCTION. Contacts. *Burda Auction* [online]. 2012 [cit. 2012-06-20]. Dostupné z: <http://www.burda-auction.com/en/about-us-contacts/>



targeted market is that both Czech Republic and Germany is in the European Union and both are members Shengen Area and this means easy flow of services and products between those countries. The Germany is also relatively near in the geographic sense.

The company wants to evaluate the possibility and effectiveness of expansion into the German market and then if it feasible and effective for the company, select the best possible and effective expansion strategy into the German market.

Current range of items in the philatelist area offered by Burda Auction in its auctions and internet shop in is wide. As the areas of collector's interests in this field are very diverse there should be probability that there are some items of interest for possible customers from Germany. But the items that are most interesting for German clients are not currently in higher numbers on offer in the auctions or shop of Burda Auction as the Burda Auction currently not target German customers.

It is important to say that company already have important parts of website translated into to German language and have employees that use German language fluently. Also the company presents some of its auctions on small number of international servers targeted on philately items that aggregate auction items for international users.

But as such, the Burda Auction company doesn't currently have any plan or targeted marketing efforts targeted on the German market.

It is also important to say that there are many “problems” and difficulties in the more directed entry into German market, some of them are problems are:

- Language barrier
- Associated costs for customers (transportation costs)
- Strong and established competitors, with many of them with long history
- How to market company from different country
- Are offered items interesting for collectors
- Determination of costs and return on investment

And more will be identified in the analysis that will be performed.

### ***3.3 Basic information about philatelists***

Buyers of philatelist material can collect philately as part of diversification of their portfolio in which they invest or save money, as philately is easily transported in bad times. In reality most of buyers are collector's, and they buy philately and specific items because they have their area of interest and they collect needed items to make their collection “complete”. (Questionnaire I., Question 10)

As many of the items are very rare and they exist only in limited numbers, collectors must search for items that they want to purchase in auction catalogues or shops of different companies.

### ***3.4 Data collection for analysis***

Because of the complexity and the specifics of the market with philately it is difficult to gather the data about the market as there aren't many or any public research or statistical data available about the Germany market with philately.

Because of these difficulties, in this work, if public data is not available, the author will use the data from a questionnaires compiled by the author, internal statistical data from company of Burda Auction (limited by the current market reach), knowledge gained from the experts in philately and the knowledge that was gained by author in the more than 5 years that author worked for the Burda Auction company.

The questionnaires with questions that were used for research are included in Appendix 2. and Appendix 5.. The questionnaires were available to respondents online, the tool used to create and then to collect data from online questionnaires was Google Drive. This format was used because the respondents are from different parts of Czech Republic. As these questionnaires required from the respondents more than standard level of knowledge about the German philatelic market, there were only 3 respondents available to the author. These respondents were:

- **Mgr. David Kopřiva** - Philatelist, appraiser (EUREX.CERT), consultant, agent for clients from Czech Republic or German speaking countries.
- **Richard Burda** - Owner and manager of Burda Auction and philatelic enthusiast.

- **Vladimír Dražan** - Philatelist and auctioneer appraiser, with long history in the philatelic trade.

The responses to Questionnaires from respondents can be seen in full in the Czech language in the Appendix 3. and Appendix 6. and the data gained will be used in the parts of the analyses for which they are relevant. In Appendix 4. and Appendix 7. are the responses in English language.

The data gained from Mgr. David Kopřiva are perceived as the most relevant as because of his work he has the most realistic and accurate knowledge of the German market.

### ***3.5 PESTEL analysis***

The PESTEL analysis is used to analyse the general macro-environment of Germany, with importance on factors that affect possible customers.

#### **3.5.1 Political**

Germany, officially the Federal Republic of Germany, is a federation that consists of 16 federal states that each have its own constitution, parliament and government. The federal government is the highest state authority and the states are represented through The Bundestag at the federal level.

The government system is a federal parliamentary constitutional republic and Germany have democratic constitution that emphasize the rights of individuals. Legislature is made by upper house Bundesrat and lower house Bundestag.

Germany is European Union member state and is also in Eurozone and therefore use the Euro (€,EUR) as currency. Also Germany was a founding member of European Community that later became the EU.

#### **3.5.2 Economic**

Germany is the largest economy in Europe <sup>58</sup> and fourth country worldwide by comparison of nominal GDP. Estimated nominal GDP of Germany in the year 2011 was

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<sup>58</sup> CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

\$3577 trillion<sup>59</sup>. By the data of World Bank<sup>60</sup>, the Germany has low inflation (consumer prices, annual %) of 1.137 in the year 2010, also in the long term the inflation is lower than in other member states of the European Union.

Germany is largest exporter in Europe and is known for machinery, vehicles and household equipment.<sup>61</sup>

Total unemployment was 7.7% of total labor force in the year 2009 (7.3% for female and 8.1% for male).<sup>62</sup> The unemployment was lower than average unemployment in the EU in year 2009. Between the years 2004-2006 there were more than 10% of labor force unemployed. In the year 2011 there were 43,54 million strong labor force in Germany.<sup>63</sup>

### 3.5.3 Social

Currently Germany has population of 81,305,856 (July 2012 est.)<sup>64</sup>, with age structure 0-14 years (13.3% of population), 15-64 years (66.1%), 65 years and more (20.6%). In the 2011 the median age was 44.9 years (43,7 for male and 46 for female). Germany is 16 most populous country in the world and most populous in the European Union<sup>65</sup>. The population growth rate is estimated in the year 2012 as -0.2%. With birth rate 8.33 births/1000 population and death rate 11.04/1000 population. Net migration rate is estimated to 0.71 migrants/1000 population.

Life expectancy in Germany is 80.19 years, 77.93 years for males and 82.58 for

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59 INTERNATIONAL MONETARY FUND. Report for Selected Countries and Subjects: Germany.

*International Monetary Fund: Data and Statistics* [online]. 2012 [cit. 2012-04-15]. Dostupné z:

[http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?](http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?pr.x=35&pr.y=6&sy=2009&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=134&s=NGDP)

[pr.x=35&pr.y=6&sy=2009&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=134&s=NGDP](http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?pr.x=35&pr.y=6&sy=2009&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=134&s=NGDP)

[D%2CNGDPDPC%2CPPPDP%2CPPPDP%2CLP&grp=0&a=](http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?pr.x=35&pr.y=6&sy=2009&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=134&s=NGDP)

60 THE WORLD BANK GROUP. *The World Bank: Data* [online]. 2012 [cit. 2012-05-24]. Dostupné z: <http://databank.worldbank.org>

61 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

62 THE WORLD BANK GROUP. *The World Bank: Data* [online]. 2012 [cit. 2012-05-24]. Dostupné z: <http://databank.worldbank.org>

63 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

64 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

65 CIA. Country comparison population. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: [https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html?](https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html?countryName=Lebanon&countryCode=le&regionCode=me&rank=126#le)

[countryName=Lebanon&countryCode=le&regionCode=me&rank=126#le](https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html?countryName=Lebanon&countryCode=le&regionCode=me&rank=126#le)

females<sup>66</sup>. Live expectancy has upward trend and is increasing<sup>67</sup>. As we can see from data of World Bank, Germany has small growth of population and has ageing population.

Germany main ethnic group “German” has 91.5% of Germany overall population, second group is Turkish with 2.4% and other has 6.1%. Main language is German with over 95% of population speaking German as their first Language.

Biggest religious groups are Roman catholic and protestants, both with 34% share of population. Unaffiliated or other religious groups have 28.3% and 3.7% of population profess the Muslim faith.<sup>68</sup>

Also 74% of total population of Germany lives in urbanized areas as of year 2010 and the capital of Germany, Berlin, has population of 3.438 million as of 2009<sup>69</sup>.

### 3.5.4 Technological

Germany is in the long term very successful on the science and technology field and research and development is integral part of the German economy. Overall technological level is supported by network of universities and Germany had many winners of Nobel prizes. The scientific research is consistently ranked among the world's best<sup>70 71</sup>. In the year 2010 in Germany there were 47,047 patent applications of residents<sup>72</sup> and there were 3,780 researchers in research and development per million people<sup>73</sup>. There are many types and areas of technological development that are researched in Germany, such as safer nuclear plants, neurotechnology, technologies

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66 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

67 THE WORLD BANK GROUP. Germany. *The World Bank: Data* [online]. 2012 [cit. 2012-05-10]. Dostupné z: <http://data.worldbank.org/country/germany>

68 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

69 CIA. Germany. *The Central Intelligence Agency: The World Factbook* [online]. 2012, 08.06.2012 [cit. 2012-06-09]. Dostupné z: <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html>

70 SCIMAGO LAB. Country Rankings. *SCImago Journal & Country Rank* [online]. 2012 [cit. 2012-06-24]. Dostupné z: <http://www.scimagojr.com/countryrank.php>

71 THE THOMSON CORPORATION. The Year 2006: Top 20 Country Rankings in All Fields. *In Cites: Countries* [online]. 2006 [cit. 2012-06-24]. Dostupné z: <http://www.in-cites.com/countries/2006allfields.html>

72 THE WORLD BANK GROUP. Patent applications, residents. *The World Bank: Data* [online]. 2012 [cit. 2012-05-24]. Dostupné z: <http://data.worldbank.org/indicator/IP.PAT.RESD>

73 THE WORLD BANK GROUP. Researchers in R&D (per million people). *The World Bank: Data* [online]. 2012 [cit. 2012-05-24]. Dostupné z: <http://data.worldbank.org/indicator/SP.POP.SCIE.RD.P6>

associated with automotive industry<sup>74</sup> and also thriving green technology sector<sup>75</sup>

The motorway network, in German Autobahn, is the world third largest in length in the world. Germany also has rail-road network and has high-speed trains lines. Germany is also active in development of technologies that are associated with transportation, such as networked automobiles<sup>76</sup>.

In the year 2011 there were 67,488,021 internet users in Germany (people with access to worldwide network), and the number increased by 5 million people in last 4 years<sup>77</sup>.

### 3.5.5 Environmental

Germany is the worlds sixth biggest producer of carbon emissions<sup>78</sup> (CO2 emissions) in the year 2008. But Germany is the first major industrialized country that ratified the Kyoto protocol<sup>79</sup> and is committed to met the requirements of Kyoto protocol to reduce greenhouse gasses. In the year 2008 the emissions were over 22 percent lower that they were in the year 1990, in volume more than 279 million tons. This means that Germany met the requirements of the Kyoto Protocol climate protection obligations in 2008<sup>80</sup>, with the energy industry that put great effort to reduce emissions.

Currently there is strong push to increase the share of green energy in the overall energy output of Germany. And after the Fukushima nuclear disaster, German politicians decided to shut down all German nuclear reactors by 2022. As in the year

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74 VAŠEK, Thomas. Germany. *Technology Review: Business* [online]. 2006 [cit. 2012-06-24]. Dostupné z: <http://www.technologyreview.com/news/403891/germany/>

75 WROE, David. Germany embarks on a green energy revolution. *GlobalPost: International News* [online]. 2011, 01.06.2011 [cit. 2012-06-16]. Dostupné z: <http://www.globalpost.com/dispatch/news/regions/europe/germany/110531/germany-nuclear-power-reactors-shutdown>

76 VAŠEK, Thomas. Germany. *Technology Review: Business* [online]. 2006 [cit. 2012-06-24]. Dostupné z: <http://www.technologyreview.com/news/403891/germany/>

77 THE WORLD BANK GROUP. Internet users. *The World Bank: Data* [online]. 2012 [cit. 2012-05-24]. Dostupné z: <http://data.worldbank.org/indicator/IT.NET.USER>

78 THE WORLD BANK GROUP. CO2 emissions (kt). *The World Bank: Data* [online]. 2012. vyd. [cit. 2012-06-16]. Dostupné z: [http://data.worldbank.org/indicator/EN.ATM.CO2E.KT/countries/1W?order=wbapi\\_data\\_value\\_2008%20wbapi\\_data\\_value%20wbapi\\_data\\_value-last&sort=desc&display=default](http://data.worldbank.org/indicator/EN.ATM.CO2E.KT/countries/1W?order=wbapi_data_value_2008%20wbapi_data_value%20wbapi_data_value-last&sort=desc&display=default)

79 BBC. Germany begins Kyoto treaty ratification. *BBC: News* [online]. 2002, 22.3.2002 [cit. 2012-03-05]. Dostupné z: <http://news.bbc.co.uk/2/hi/europe/1887961.stm>

80 GERMAN FEDERAL MINISTRY FOR THE ENVIRONMENT. Germany met its Kyoto Protocol climate protection obligations in 2008. *Umweltbundesamt Dessau-Roßlau* [online]. 2010, 01.02.2010 [cit. 2012-06-16]. Dostupné z: [http://www.umweltbundesamt.de/uba-info-presse-e/2010/pe10-003\\_germany\\_met\\_its\\_kyoto\\_protocol\\_climate\\_protection\\_obligations\\_in\\_2008.htm](http://www.umweltbundesamt.de/uba-info-presse-e/2010/pe10-003_germany_met_its_kyoto_protocol_climate_protection_obligations_in_2008.htm)

20101, about 23% of German electricity was generated by nuclear reactors, compared to about 17% from renewable green energy<sup>81</sup>. Current plan is to generate 35% of the energy mix by renewables and this means that the Germany is committed to use renewable energy sources even more in future. And as Germany is one of the biggest industrialized countries, this trend to lower emissions is important even on global scale.

### 3.5.6 Legal

Law enforcing system of Germany is divided at the national level to 3 levels: Federal, State and Local. The administration of justice is divided into five branches: Ordinary, Labor, Administrative, Social and Financial Courts<sup>82</sup>.

High level of political stability of Germany attracts many foreign investor and entrepreneurs<sup>83 84</sup>. Also the process of starting business in Germany some actions needed can be done in one day<sup>85</sup>. In comparison of how many procedures, how long and the cost of starting medium-sized business by the World Bank, in Germany it takes 9 procedures, 15 days and the cost is 4.6% of income pre capita. In comparison with other high income countries in OECD, as they have 5 procedures, take 12 days and cost is 4.7% of income per capita, the Germany has higher number of procedures and have higher number of needed procedures but the cost percentage is slightly lower.<sup>86</sup>

Also as Germany is part of the European Union, Germany shares basic features of political system and of legislature with most members of the EU.

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81 WROE, David. Germany embarks on a green energy revolution. *GlobalPost: International News* [online]. 2011, 01.06.2011 [cit. 2012-06-16]. Dostupné z:

<http://www.globalpost.com/dispatch/news/regions/europe/germany/110531/germany-nuclear-power-reactors-shutdown>

82 GERMAN FEDERAL FOREIGN OFFICE. *Facts about Germany*. Frankfurt/Main, in collabouration with the German Federal Foreign Office, Berlin: Societäts-Verl, 2008. ISBN 978-3-7973-1091-0.

83 A.M.BEST. Germany: AMB Country Risk Report. *A.M. Best Company* [online]. 2011 [cit. 2012-01-25]. Dostupné z: <http://www3.ambest.com/ratings/cr/reports/Germany.pdf>

84 GERMAN FEDERAL FOREIGN OFFICE. *Facts about Germany*. Frankfurt/Main, in collabouration with the German Federal Foreign Office, Berlin: Societäts-Verl, 2008. ISBN 978-3-7973-1091-0.

85 THE WORLD BANK. Starting a Business in Germany. *The World Bank: Doing Business* [online]. 2012 [cit. 2012-06-16]. Dostupné z:

<http://www.doingbusiness.org/data/exploreconomies/germany/starting-a-business>

86 THE WORLD BANK. Starting a Business. *The World Bank: Doing Business* [online]. 2012 [cit. 2012-06-16]. Dostupné z: <http://www.doingbusiness.org/data/exploretopics/starting-a-business>

### **3.5.7 Summary of PESTEL analysis**

This PESTEL analysis analysed the general German macro-environment and not found any factors that prevents the expansion of Burda Auction to German market.

### **3.6 SWOT analysis**

SWOT analysis of Burda Auction was done on the basis of observation by the author during work in the Burda Auction and by discussion with management of the Burda Auction. Also data derived from questionnaire were used.

#### **3.6.1 Internal factors**

##### **Weaknesses**

- **German language and possible communication problems**

Company currently has only one employee in front-office that can fluently communicate in German. There is also available one part time employee, that also works as expert and appraiser of philatelic material that can speak fluently and one full time employee in the back office that can passively communicate in German. This could cause problems with communication in German in times of higher volume of communication (at the end of auction) or if employee responsible for German clients is not available. The auction catalogue is also only printed in Czech language.

- **Czech company**

One of the weaknesses can be seen in the nationality of the Burda Auction company as Czech Republic is not as politically stable as Germany and the German customers prefer German companies.

- **Distribution costs**

For clients not from Czech Republic, there is higher distribution cost. As Burda Auction send items by postal services (national post service or specialized companies such as DHL, PPL) the cost for international distribution is transferred in full on to the customers. The cost of delivery can be higher than the price of purchased item by the customer, if he buy item with low price. Also Burda Auction sell items (collections) that can have weight over 20kg and the distribution cost is then also increased because of the need to pack items in more



packages as the transport and delivery companies have limits on how much can one package weight.

- **No German branch or subsidiary**

Burda Auction don't have currently any branch outside of the Czech Republic and also don't have any affiliated dealers, that could mediate business outside of the Czech Republic.

- **Not enough material targeted for German clientèle**

As the Burda Auction is currently primarily focused on Czech market, there are not too many items that are interesting for the most of German clients. That does not mean that possible clients from Germany cannot find interesting material as the portfolio of offered material is wide and the collectors have different and different areas of interests.

- **Not established brand in Germany**

On the Czech market with collector's items and philately, the Burda Auction has already established as strong competitor on the market and is widely known. But on the international market and more precisely on the German market, the Burda Auction is not very well known. This mean that possible customers can have reservations on buying from for them unknown company.

- **Financial reserves and difficult access to financial resources**

In current economic situation and because of the cash flow of Burda Auction company, there are problems with getting additional financial resources from banks. The cash flow of Burda Auction is specific because most of cash in and cash out is in the month after end of auction (4-5 auctions per year) when clients that bought something pay and shortly after that Burda Auction start paying suppliers that supplied items into the auction as Burda Auction is primarily intermediary. This cyclic trend is one of the main barriers that prevent getting access to financial resources from banks.

- **Not in philatelist associations**

As philately can be seen as a hobby and because the expertise that is needed to identify different types of material and to categorize it, there are many philatelist associations. If company is member of associations it's often taken as a good

sign by customers. And as Burda Auction is not currently member of any association based in Germany it can have negative effect on possible customers.

- **Payment over borders**

Burda Auction currently offer primarily payments by cash, bank transfer (accounts for CZK , USD and EUR currency) or in Czech Republic by cash on delivery. Even though bank transfer between different states is supported by banks in the EU and even worldwide, clients often have problems with this transfer. They often don't know how to make a international payment order or they don't want to use bank transfer. For cross border payment there are available many options but the mostly used is payment by debit/credit card (over internet) or use of payment system such as PayPal. Burda Auction currently don't support payment by card and even though they have PayPal account, it's only used for selected clients as it is if client pay higher price quite expensive (about 3% per transaction<sup>87</sup>).

## **Strengths**

- **Knowledge**

Burda Auction operates is on the philatelic market more that 15 years<sup>88</sup> and already has the knowledge needed for operating on this market. It is important to say that the extent of knowledge in this area is very big and it's not possible for employees of Burda Auction to cover all possible areas and as such Burda Auction has specialist literature and have contacts to experts in different areas.

- **Intranet system**

One of the main strengths of Burda Auction is their modern intranet system developed specifically for their use. This system currently support all processes in Burda Auction, barring accountancy functions. And as the intranet system is based on web technologies, it offers high flexibility for their employees and for Burda Auction as whole, as employees can work over the internet from their home and Burda Auction is not limited by number of people that can work at

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87 PAYPAL. PayPal Merchant Fees. *PayPal* [online]. 2012 [cit. 2012-04-13]. Dostupné z: [https://cms.paypal.com/us/cgi-bin/?cmd=\\_render-content&content\\_ID=merchant/merchant\\_fees](https://cms.paypal.com/us/cgi-bin/?cmd=_render-content&content_ID=merchant/merchant_fees)

88 BURDA AUCTION. About us. *Burda Auction* [online]. 2012 [cit. 2012-06-20]. Dostupné z: <http://www.burda-auction.com/en/about-us-contacts/about-us/>

one time.

- **Web pages**

Also web pages were specifically developed for the needs of Burda Auction and for the needs of clients on market in which Burda Auction operates. Web pages are offering above standard services for customers, such as high quality images of items in auctions or in internet shop, watchdog functionality or client section with their history of purchased or sold items. One of unique points is also the auction archive of auctions of Burda Auction, where philately enthusiasts can see more than 20 auction<sup>89</sup> catalogues with photo documentation and realized prices. Also website is interconnected with intranet system and provide seamless transfer of orders and data from website to intranet and images and data from intranet to intranet. Web pages are also in three languages: Czech, English and German. English and German versions are not completely translated.

- **Lower cost for Czech labour and associated costs**

As Burda Auction has headquarters in Brno, the wages of employees and costs associated with operating the company, such as office rental or energy costs, are lower than in Germany. And if the company needs to expand the associated cost would be lower in Czech Republic than in Germany. This is more or less relevant on the basis of selected strategy.

- **People with the right equipment**

Burda Auction has already established good team of people that can effectively do all internal functions that company needs for its operation. The employees are also provided with all needed and modern equipment necessary for their work.

- **Innovative**

Because of the company strategy set by managers, the company in long-term invests into innovation and is trying to provide better and better services for its customers with added value and don't want to compete with competitors with only price of its services.

- **Easy scalability with possible increase of efficiency**

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<sup>89</sup> BURDA AUCTION. Archive of auctions. *Burda Auction* [online]. 2012 [cit. 2012-05-20]. Dostupné z: <http://www.burda-auction.com/en/archive-of-auctions/>

As Burda Auction has good intranet system and seamless integration with its web pages, it can easily increase number of offered items or number of auctions per year without increase of cost on these services. Possible increases of costs can be only associated with the need of more employees that need to add description or scan photo documentation of items, but these costs would be negated in the increased profitability of Burda Auction.

- **Basis of good reputation**

As Burda Auction has already established good reputation on Czech market. And because it sells items to customers worldwide it has already established some basic level of reputation on the worldwide market and German market.

- **Suppliers base & lower price of items**

Burda Auction has a relatively stable number of suppliers that provide material to sell through auctions or internet shop. Suppliers also cover different areas of interest and the offering prices can be lower than the prices on the worldwide market as the buying power of Czech customers is lower than, for example Germany. But for German market it will need to find additional suppliers from Germany.

- **Agents**

For some international clients that want to buy something from auctions of Burda Auction, it is important that there are available agents through which these clients can buy. Auctions of Burda Auction are currently covered with two agents that offer these services in German, English, Czech and Russian languages. Burda Auction also collaborate with agents that buy on the international market interesting items for Burda Auction to offer in their own auction.

### **3.6.2 External factors**

#### **Opportunities**

- **Big market**

Germany has already established market for collector's and philatelist material.

- **Chance for interesting material**

As many buyers also sell their material, there is chance for getting interesting material to sell through auctions or internet shop of Burda Auction.
- **Placid competition**

From long term observation of competitors, many competitors who are long on the market are placid and don't innovate their services, this can provide opportunities for Burda Auction primarily in marketing area as the most important for customers on this market is the offered material. As can be seen from competitor analysis done in this work.
- **More sold items**

As each offered item in auction is specific, if the number of possible customer increases, there is also bigger chance to sell items for which there is currently no interest on the Czech market.
- **Increase of selling price of items**

As the primary source of revenue of Burda Auction is the provision from the final price of sold items, if there are more interested customers that bid in auction on items, the price of these items increase and thus the revenue of Burda Auction increases.
- **Internet more used in future**

As there is increasing trend of using internet for shopping and on the collector's market where people often search for items that are interesting for them the internet usage should increase. As the Burda Auction have good website and increased number of visits on web pages is not associated with higher cost, it is opportunity for Burda Auction.
- **Lower provisions (premiums) for buyers and suppliers**

The Burda Auction currently have 13% provision rate for buyers and average 10% provision rate for suppliers (rate 3-13%). As many companies have higher provision rates it could provide motivating factor primarily for suppliers.

## Threats

- **Competitors**

On the German market there are competitors that have been on market for over ninety years (Heinrich Köhler<sup>90</sup>), competitors that are big auction houses (Dorotheum GmbH & Co KG), competitors that are relatively new with big auctions (Auktionshaus Christoph Gärtner GmbH & Co. KG) and many smaller auction firms. Competitors are more analysed in the competitor analysis.

- **Auction servers for public use**

There are many servers, that public can use to offer and buy collector's material for small charge from the service provider. One of such is the worldwide known eBay.com, or in the Czech Republic most used Aukro.cz. Each of these platforms that provide public with online marketplace, where possible clients of Burda Auction can sell or buy material directly between themselves with relatively low provisions.

- **High costs for some modes of entry**

With some modes of market entry into new market there associated cost that can be quite high, such as buying already established auction company or establishing office. These costs as the returns cannot be guaranteed can be problem for Burda Auction, as Burda Auction can have problems with getting additional capital. The company also possibly will require capital to buy some interesting items for auctions.

- **Easy shift of costumers to different providers**

On the market with collector's items, the collector's are required to search for their desired material, and as such the customers on the market often change the source of material or use more than one source to buy. This often means that some firms specialize on specific part of the market to provide customers, that have interest in selected part, with interesting items in the long term. For Burda Auction, that sells items which are covering wide array of interests, this means that its customers often need to look for items elsewhere, because Burda Auction doesn't have interesting items for them in all the time their auctions or internet

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90 HEINRICH KÖHLER AUKTIONSHAUS. Company History. *Heinrich Köhler* [online]. 2012 [cit. 2012-05-16]. Dostupné z: <https://www.heinrich-koehler.de/en/pages/Firmengeschichte%20von%20Heinrich%20Koehler%20-11>

shop. But it must be also said that the German clients are often very loyal to the auction companies that they use (Questionnaire I., Question 24).

- **Diminishing market size**

The main reason for diminishing market size is the ageing of current customers on the collector's market, specifically on the philately market, where the main customers base is slowly shrinking as more people are getting older and there are only small number of new customers as philately is not as interesting as many other areas of collector's market. And this trend can be also seen in internal data of Burda Auction and from the Questionnaire I. (Question 55).

- **Buying power in economic crisis**

In almost all economic sectors the economic crisis affect mood of customers. In the 2007-2012 global financial crisis, also known as the Global Financial Crisis, the business of Burda Auction was not in overall affected and the company had continued growth. But growth or even maintaining the level of revenue in the times of economic crisis cannot be guaranteed. And as the crisis has still impact on the world the current crisis or some future crisis can negatively impact the business of Burda Auction.

- **Exchange rates**

As the Burda Auction wants to expand into new market and as the Czech Republic still uses its local currency CZK, the company will be exposed to the risks associated with exchange rates. And as the main currency which company use will still probably be Czech koruna, the company will be exposed to exchange rate risk.

- **Czech laws limits exports of historically important items**

By the Czech law 71/1994 Sb. the Czech companies must for philatelic and other types of items of high cultural value, get export permit from the Postal museum in Prague that judge the importance of items and allows or denies their export<sup>91</sup>. This could pose some risk, but currently the Burda Auction has

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91 ČESKO. Zákon č. 71 ze dne 23. března 1994 o prodeji a vývozu předmětů kulturní hodnoty. In: *Sbírka zákonů České republiky*. 1994, č. 71. Dostupné z: <http://www.mkcr.cz/cz/kulturni-dedictvi/muzea-galerie-a-ochrana-moviteho-kulturniho-dedictvi/pravni-predpisy-a-metodicke-pokyny/zakon-c--71-1994-sb---o-prodeji-a-vyvozu-predmetu-kulturni-hodnoty--ve-zneni-pozdejsich-predpisu-809/>

document issued for all their auctions, that specify that items that are sold are not of high cultural value and therefore they can be freely exported.

### **3.6.3 Summary**

This SWOT analysis identified factors that are negative and positive for the company Burda Auction. The result of this analysis is that it's possible for the Burda Auction company to enter German market as the strengths and opportunities outweigh the threats. Also the identified weaknesses can be overcome and threats are not that big that they prevent Burda Auction to expand.

## **3.7 Five forces analysis**

The following analysis of the German market with philately is based on the Porter's Five Forces analysis model.

### **3.7.1 The likelihood of new entry**

From the point of entry costs the entry into the philately part of collector's market is not associated with more capital or law requirements than other types of businesses that don't require special licenses to operate. As can be illustrated by many firms on Czech or German market, business can be started as one-man-company and can expand in time, as can be illustrated by Burda Auction or Auktionshaus Ulrich Felzmann GmbH & Co. KG<sup>92</sup>.

The new entrants can establish on the market relatively easily if they offer interesting material to customers. Currently it is also easier to start sell material for new entrants as they can use auction servers, such as eBay or sell through platforms that aggregate many actions in one place, such as PhilaSearch.com<sup>93</sup> that is the main platform for German clients (Questionnaire II., Question 84). This reduces the need for start-up capital that is required to create their own websites or platforms and the need to invest in advertisement to reach possible customers.

But as the established firms already target the same pool of possible customers

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92 AUKTIONSHAUS ULRICH FELZMANN. Before 1976. *Felzmann Auctioneers* [online]. 2008, 06.09.2008 [cit. 2012-06-24]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/before-1976.html>

93 PHILASEARCH.COM. About PhilaSearch. *PhilaSearch.com* [online]. 2012 [cit. 2012-06-16]. Dostupné z: <http://www.philasearch.com/en/about.html>



and the customers on the market have high level of loyalty to already established companies from Germany (Austria and Swiss also have high loyalty from German customers) the new entrants will have harder time to establish themselves and to build good reputation. Also part of the customer base is very conservative and only buy from their preferred supplier that is well established and known on the market. (Questionnaire I., Question 55,56)

If newly established companies are set on the principle of buying material from suppliers and then selling that material which they own, they need to have or have access to capital and it can be very expensive. This first method has some benefits for the company because if the company is newly established, the suppliers don't have enough trust to offer material to a company that only acts as an intermediary and sell material from suppliers to buyers and this requires a high level of trust from the suppliers. This second type where the auctioneer acts only as an intermediary requires less capital to start. It is also important to say, that many companies use both these methods simultaneously in different ratios.

The companies in this sector primarily generate revenue from commissions that they get from the buyers and also from commissions from sellers for sold items. These provisions are often in the range 5-20%, based on the competitor analysis. This commission is paid by sellers if they use the auctioneer as an intermediary. This also means that auctioneers that work as intermediaries, if they have a good percentage of sold items, can generate a stable level of profit with relatively low risk and low costs as they don't need to buy items to have them in stock.

From the example of a company, that was established relatively recently, the Auktionshaus Christoph Gärtner GmbH & Co KG, newly established companies need to, if they want to build a strong presence in the German market, invest heavily into marketing and promotion. The Auktionshaus Christoph Gärtner GmbH had and still has advertisement in most philatelist literature and in specialized magazines and is also present on all fairs in Germany. More information about this company can be seen in the competitor analysis done in this work. (Questionnaire II., Question 7)

One of the main barriers to entry into a collector's market is also the knowledge needed to operate in this market, such as to select and set the right price of a collector's

material. Because of the complexity and needed knowledge that is needed to orient on the philatelic market, most companies were started by people that were interested in philately and already had at least some knowledge about the material on the market.

<b>Factor</b>	<b>Evaluation summary</b>	<b>Impact factor</b>
Economies of scale	There are, but each item is different and associated with additional cost	Middle
Brand identity	Loyal customers to companies and to German companies	Low
Capital requirements	Marketing costs if aggressive entry	Middle
Government policy	No specific rules	Low
Industry profitability	Profit generated mainly by provisions from sale	Middle
Access to distribution channels	Good, via internet	High
Access to suppliers (material)	Capital requirements or good name	Low
Knowledge requirements	Philatelist knowledge needed (employees)	Low
<b>Total impact of factors</b>		<b>Low / Medium</b>

*Table 4: The likelihood of new entry - evaluation and impact (Source: Author)*

From this analysis, we can say that the likelihood of new entry is low to medium.

### **3.7.2 The power of buyers**

On the market with philately there are many customers, possibly more than 200 000 (Questionnaire I., Question 1), that buy material that is interesting for them. They also can or often must buy from different suppliers or sources as the material of interest is very specific and is not available all the time because of the uniqueness of items on this market.

There are some customers that have higher budget than average collector and one of these groups is made from investors that have higher budget and often have

collections that have high value items in them as they use philately as another method to store money. The second group are the firms that also pose as buyers, as they often buy items, that they think they can sell with higher price to their customers. The last but the most populous group but with a set budget are the collectors. These collectors are people that buy philatelic items for their collection and have philately as a hobby. Overall the total market size is about 200 000 buyers strong.(Questionnaire I., Question 1,10-13)

The market size is relatively stable, but the market can be affected by the worldwide financial crisis as the items on this market are primary collected as hobby. Even then the items can be interesting for investors as the material provide different way of storing money with additional benefits for unique items as good liquidity and easy transportability and storage. (Questionnaire I., Question 51)

Because of the number of buyers, the uniqueness and low availability of many items and the number of possible suppliers the buyers volume importance is low and the same can be said to cost relative to total buyer purchases. Only relatively small number of buyers buy in higher quantities or items with higher price on the market and even they don't get some additional benefits or have more power over suppliers as each auctioned item can be seen as a small market.(Questionnaire I., Question 10-13)

In reality all of them compete in the market because the most interesting or important items are sold by auctions where the interested clients place bids in auction and increase the final price of that item as it has some value for them and they want to buy it.

They buyers can easily switch between different companies that sell material, but there are some specific to this market. As the most items on market with philately have some uniqueness or are in limited numbers and as such if they are available on the market for sale, the buyers need to buy from the source that offers them, if they have enough financial resources, because if that specific item is sold, it can mean that they will not have another chance to buy.

But it must be taken into account that German customers are loyal to their suppliers or to companies from Germany and they will not change their supplier or suppliers so easily.(Questionnaire I., Question 22)

The substitute product also pose middle to low threat to the market, as the collectors collect specifically philately and this means that the most volatile group to use substitute are the investors and these often use the philatelist market as another method they can use to diversify their portfolio and invest or save money as the the philatelic material has good liquidity.

Also firms on this market don't offer incentives and also the threat of backward integration is negligible.

<b>Factor</b>	<b>Evaluation summary</b>	<b>Impact factor</b>
The differentiation of outputs	Services are the same, but sold items are different and even unique	Low
Switching Costs	Customers can easily switch, but are often loyal	Medium/High
Presence of Substitutes	Can be used only by specific customers	Low/Medium
Industry concentration relative to buyer concentration	Many buyer, lower number of suppliers and unique items	Low
Importance of volume to buyers	Low importance	Low
Cost relative to total buyer purchases	Low chance for negotiation	Low
Impact of outputs on the cost of differentiation	Customers often want specific item	Low
Buyer profitability	Buyers have limits and can be impacted by economic situation	Medium
Decision makers incentives	Almost none	Low
Threat of backward integration	Not relevant and unlikely	Low
<b>Total impact of factors</b>		<b>Medium</b>

*Table 5: Power of buyers - evaluation and impact (Source: Author)*

This means that the power of buyers is low.

### **3.7.3 The power of suppliers**

On the market with philately the supplier can be and often also is anyone who is

also buyer. There are also suppliers that found or inherited some material and they don't have enough knowledge or they don't want to sell this material by themselves through other means such as internet auction servers such as eBay.

Suppliers that use firms that operate on the market to sell through have often their favourites that they use to sell through or to. But there isn't any barrier that prevents them to choose different company if, for example, they get better conditions for their sale such as lower provision price for sale of the auction company. In most cases the suppliers must trust the companies that they use to sell through, because of the associated risks.

There isn't also any barrier that prevents suppliers to use different channels to sell their items and many small suppliers use servers such as eBay to sell their items by themselves. It must be said that most of these sellers only sell less unique items by these channels as the more unique and therefore more expensive items are sold mainly by specialized companies that do auctions.(Questionnaire I., Question 16-19)

The items that are offered by suppliers have different levels of uniqueness and availability on the market. This means that suppliers, if they have very unique items have better chance to negotiate better conditions (mainly the provision percentage paid to intermediaries) for the sale if they sell through intermediaries.

The companies that operate in this marketplace need their suppliers as items that are provided by suppliers are more or less unique and if companies don't have interesting items for sale, they cannot operate. From the data of Burda Auction, the company needs to have network of suppliers that can provide needed material and must take into account that suppliers have in the most cases only limited number of items that they can provide/sell in each year and as such the company needs often look for new sources. Also there are some customers that can supply relative constant number of items.

The companies that operate in philatelic market mostly cannot use substitutes as they often target only narrow spectrum of the overall collectors market and they mainly can only sell items that they themselves got or purchased from suppliers.

Also even through the suppliers can set the price (starting price in auctions or price for sale through shop), these prices are in most cases based on the catalogue price

(prices published in special catalogues) or on the current market price of similar items. The end price is most often set by the bidding of prospective buyers if the item is sold via auction sale.

<b>Factor</b>	<b>Evaluation summary</b>	<b>Impact factor</b>
Differentiation of Inputs	Different and unique items	High
Switching Costs	Low	High
Substitute Products	Mostly not possible	High
Supplier concentration relative to industry concentration	Many suppliers	Medium
Importance of volume to the supplier	Small importance, many suppliers with different items	Low
Cost relative to the total purchases of the industry	Many suppliers and only small number of bigger suppliers	Low
Impact of inputs on cost of differentiation	The items from suppliers are required by the auctioneers	Medium
Threat of forward integration	Can sell by themselves or could set-up a company	Medium
<b>Total impact of factors</b>		<b>Medium</b>

*Table 6: Power of suppliers - evaluation and impact (Source: Author)*

From this we can say that the power of suppliers is medium.

### **3.7.4 The degree of rivalry**

On the market, there are many firms that operate on the market and they have different sizes from one man company to companies with tens of people<sup>94</sup>. The most important are the firms with more 5 employees. And because of the type of items on the market companies compete to get the most interesting items so they can offer them to their customers. On the market there are companies that are stable and don't have expansion strategy, but there are companies that try to expand and increase their market share as can be seen from the competitors analysis. (Questionnaire I., Question 52-55)

<sup>94</sup> AUKTIONSHAUS ULRICH FELZMANN. Our Contact Persons. *Felzmann Auctioneers* [online]. 2011, 12.04.2011 [cit. 2012-06-23]. Dostupné z: <http://www.felzmann.de/en/the-company/team/>

The market is stable but with the trend of shrinking as current customers get older and the philately is not as interesting for new customers as before. (Questionnaire I., Question 55)

Companies on the market can also scale down if they need to as they don't need to own expensive machinery and their fixed cost can be the lease of offices with the exception of items on stock.

The average percentage of items that are sold in auctions of different companies is about 50% or more but it must be taken into account that unique items that are interesting for the customers can and are often sold at high prices and there are high demand for these unique items or items from interesting areas that collectors collect. In the following analysis of competitors the average percentage of sold items will be refined. (Questionnaire I., Question 26)

We can also illustrate the increase of efficiency as companies on market increase their number of employees as they can have employees that specialize if they also can get enough items in relation with their size increase. Also there can be also observed almost self-fulfilling circle when company can offer more items on sale for customers, the customers because of the type of items often buy more items and in reaction the suppliers provide even more items (or more unique) because they see that the company can sell them effectively. The companies also need to have employees that have the specific knowledge that is needed on this market and have access to different literature and catalogues that are needed to rate and set prices of items.

The rivalry is also increased because nowadays most customers buy primarily via internet or through other channels that don't require personal visit and the importance of brick and mortar stores is lower than before. There is also good customer loyalty and customers often buy items from the same preferred supplier or suppliers even though the items on sale at others suppliers, can be unique and it could be the only chance that they can get to buy that unique item. (Questionnaire I., Question 22,20,56)

The companies can exit the market relatively easily if they don't have many items in stock, and even then the stock can be liquid and can be sold relatively easily, if they don't have high percentage of items that are in that time in demand. Most owners of companies that operate in this market are also interested in philately and they were

collectors or had interest in this area before they started companies.

<b>Factor</b>	<b>Evaluation summary</b>	<b>Impact factor</b>
Industry Growth Rate	Stable or low	High
High Fixed Cost	Low	Low
Intermittent Over Capacity	Middle	Low
Product Differences	High difference and unique items	Medium
Brand Identity	Established companies with loyal customer	Low
Switching Costs	Low cost	High
Informational Complexity	High complexity	Low
Concentration and balance	Relatively stable	Medium
Industry Commitment	Owners interested in philately	High
Exit Barriers	Low or middle, based on items in stock	Medium
<b>Total impact of factors</b>		<b>Medium</b>

*Table 7: Degree of rivalry - evaluation and impact (Source: Author)*

From this analysis we can say that the degree of rivalry is medium.

### **3.7.5 The substitute threat**

On the point of the threat of substitutes, there is discrepancy. Customers and suppliers can easily change the company with which they do business and in for the customer, they in reality can and often use different companies to buy the needed items as most items have different level of uniqueness and can be one time offer and can are offered by different suppliers. And if the customer want to switch suppliers on the market or to the suppliers from different market that offer the customer substitute product the cost for him is low.

On the collectors market, the substitutes for philately can be in the areas of numismatic or art. These could satisfy the need for collecting something, but the chance of using substitute is low as the collectors often specialize on some area or category and we can say that many collectors are loyal to their selected area which they collect. This substitutes can be used more by investors that use collectors items to diversify the



portfolio in which they have invested or saved money.

Also we need to take into account, that on the market with philately that is structured into different "categories", we can take categories as different part of the market. Also in these categories there are some items that are readily available as there is enough of them, but as the collecting is about collecting items, there many items that aren't readily available because of their uniqueness (errors in print, postal date, etc). Therefore some items on the market can be substituted with the almost "same" item, because there are enough of them, but as the price, uniqueness or age increases there are in most cases less and less of them and therefore these items cannot be substituted. For illustration, in philately some items can be collected on the basis of special differences in the same series of stamps such as print errors and if specific collector collects in this specialized area he cannot substitute (with different type of error, etc.) if he wants to have "complete collection".

<b>Factor</b>	<b>Evaluation summary</b>	<b>Impact factor</b>
The relative price performance of substitutes	Substitutes cannot be readily used for most of the customers	Low
Switching costs	Are low, importance of this factor affected by buyer propensity	High
Buyer propensity to substitute	Is mostly low	Low
<b>Total impact of factors</b>		<b>Low</b>

*Table 8: Substitute threat - evaluation and impact (Source: Author)*

To summarize the substitute threat the substitute threat is low to zero in some areas.

### **3.7.6 Summary**

The Porter's Five Forces analysis of German market with philately items in Germany has provided the following results organized in the following Table 9 for better overview.

<b>Force</b>	<b>Risk</b>
The likelihood of new entry	Low / Medium
The power of buyers	Medium
The power of suppliers	Medium
The degree of rivalry	Medium
The substitute threat	Low

*Table 9: Porter's Five Forces - Analysis summary (Source: Author)*

The analysis showed that the likelihood of new entry in the German market is low to medium. This means that there is a possible opportunity to enter this market but it is also a threat to currently operating companies on this market. The power of buyers and suppliers is medium and as for expansion of Burda Auction the clients must be the priority as it must gain their confidence and goodwill. The rivalry is medium and the substitute threat is low.

Overall the analysis of the market on the basis of the Porter Five Forces model revealed that there is a possibility for expansion of Burda Auction into the German market.

### ***3.8 Competitor analysis***

The main competitors are the companies that are based in Germany, Austria or Switzerland as they have a good name and history (Questionnaire I., Question 65). There are also more than 100 companies from Germany that compete on the market with philately (Questionnaire II., Question 25) and are relevant to take into account. There are also many more competitors that operate on the worldwide market.

Companies selected as important and as representatives of German companies in the Questionnaire I. (Question 63) by respondents are the following:

- Auktionshaus Christoph Gärtner GmbH & Co. KG – Germany
- Heinrich Köhler Auktionshaus GmbH und Co. KG – Wiesbaden, Germany
- Auktionshaus Ulrich Felzmann GmbH & Co. KG – Düsseldorf, Germany
- Schwanke GmbH – Hamburg, Germany

- Jürgen Götz e.K. Internationales Auktionshaus – Oberkirch, Germany
- Deider Briefmarkenauktionen – München, Germany
- SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH – Berlin, Germany
- Mirko Franke – Bargteheide, Germany
- Auktionshaus Veuskens - Hildesheim, Germany

The selected companies are bigger companies with higher reach and use auctions as the main method of trade. The small companies, small brick and mortar shops and standalone internet shops were identified in Questionnaire I. (Question 50,32) as of low importance.

Also the companies from overseas or from countries outside the Germany, except the Austria and Switzerland were rated as of low importance by the respondents of Questionnaire I. (Question 20). For illustration, one of the more known and used companies by buyers from Germany is the Dorotheum GmbH & Co KG, that has 300 years old history as auctioneer and offer auctions of stamps for a roughly 100 years<sup>95</sup>, from Austria.

The potential competitors could be anyone who have knowledge about the philatelist market as the specialized knowledge is needed to operate on this market. Some of the selected companies to analyse are relatively new on the market and could offer the insights into the actions of possible competitors if they establish a new company.

In the following sub-chapters the selected companies will be analysed and the analysis should offer information about the location, history and size of the company, the number of hosted auctions, on the number of items sold, the total prices of sold items and the information about the strategies and growth of these companies.

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95 PHILASEARCH.COM. Dorotheum. *PhilaSearch.com* [online]. 2012 [cit. 2012-07-10]. Dostupné z: [http://www.philasearch.com/en/ha\\_9310/Dorotheum.html](http://www.philasearch.com/en/ha_9310/Dorotheum.html)

### 3.8.1 Auktionshaus Christoph Gärtner GmbH & Co. KG

The Auktionshaus Christoph Gärtner is one of relatively new competitors on the philatelic market in Germany. The company was started and the first auction was in the year 2006<sup>96</sup>.

The company is based in Bietigheim-Bissingen, Germany near Stuttgart where the company owns whole multi story building. The company also have 10 or more employees.(Questionnaire II., Question 2&3)

The company has provision rate 20% paid by buyers of the price of sale with additional 2€ paid by buyer per item<sup>97</sup>.

The main method that they use is public auctions. In the first year Auktionshaus Christoph Gärtner had 2 auctions with 12 488 items in total, in the year 2008 he had 3 auctions with 37 966 items and in the year 2011 he had 4 auctions with 81 796 items in total, complete data for each year can be found in Appendix 1.. From this we can see that the company is trying to expand as the company is increasing the number of auctions and the number of items per auction. Their auctions have 3-5 day final bidding in auction room (Questionnaire II., Question 6).

From obtained data, available in Appendix 1., in the company in average (3 last auctions) sold 35% of offered items with total average price of sold items 4 565 179 € per auction. The company sells in average 50 284 items per year, calculated from the data available in Appendix 1., without the numbers of year 2012.

Auktionshaus Christoph Gärtner use printed auction catalogue, own internet website with auction catalogue and sites like PhilaSearch.com to publish and propagate its auctions.

The company is also very visible due to the presence on all German and also on many worldwide exhibition events associated with philately and stamps<sup>98</sup>. This is

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96 AUKTIONSHAUS CHRISTOPH GÄRTNER. Old auctions. *Auctions Gärtner* [online]. 2012 [cit. 2012-06-20]. Dostupné z: <http://www.auktionen-gaertner.de/philnet/gaertner/gphome.nsf/%28HTML%29/RightLowerMainAlteAuktionen-E?OpenDocument&key=1&Key=>

97 AUKTIONSHAUS CHRISTOPH GÄRTNER. General Auction Conditions. *Auctions Gärtner* [online]. 2012 [cit. 2012-06-20]. Dostupné z: <http://www.auktionen-gaertner.de/philnet/gaertner/gphome.nsf/%28HTML%29/RightLowerMainBedingungen-E?OpenDocument&key=1&Key=>

98 AUKTIONSHAUS CHRISTOPH GÄRTNER. Our exhibition participations. *Auctions Gärtner* [online]. 2012 [cit. 2012-06-20]. Dostupné z: <http://www.auktionen-gaertner.de/philnet/gaertner/gphome.nsf/%28HTML%29/RightLowerMainMesse-E?>

unusual as not many companies in philately are on as many exhibitions as Auktionshaus Christoph Gärtner. (Questionnaire II., Question 5)

They also massively advertise in philatelist literature, philatelist catalogues and have advertisement (banners) on websites that aggregate philatelic material from different auction firms such as PhilaSearch.com<sup>99</sup> and on other sites that are about philately such as the web of Internationale Briefmarken – Börse<sup>100</sup>. Respondents to Questionnaire II. (Question 5) also written that Auktionshaus Christoph Gärtner also have advertisements all over the EU and USA, have full-page advertisement in philatelist magazine DBZ and even have TV spots

As the company is new and it has a expansion strategy that can be illustrated by the increasing number of auctions and items that are offered in the auctions of Auktionshaus Christoph Gärtner each year and the massive promotion. On the overall the company is slightly growing. The respondents of Questionnaire II. (Question 57,66) also supports these conclusions.

### **3.8.2 Heinrich Köhler Auktionshaus GmbH und Co. KG**

The Heinrich Köhler Auktionshaus was founded by Heinrich Köhler in the year 1913<sup>101</sup> and in the same year the first public auction of this company was held. And in the year 2012 the company will have held more than 350 public auctions<sup>102</sup>.

The Heinrich Köhler Auktionshaus is based in Wiesbaden, Germany near Frankfurt, but also have additional offices in all over Germany. It also have more than 12 employees<sup>103</sup>. The company has provision rate 19% paid by buyers of the price of sale with additional 1,5€ paid by buyer per item<sup>104</sup>.

The company sells items through auctions and holds in average 2,5 auctions per

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OpenDocument&Key=

99 PHILASEARCH.COM. Auction houses at Philasearch.com. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-15]. Dostupné z: <http://www.philasearch.com/en/auctionhouses.html>

100MESSE SINDELFINGEN. Intern. Briefmarken-Börsen. *Intern. Briefmarken-Börsen* [online]. 2012 [cit. 2012-06-15]. Dostupné z: [http://www.briefmarken-messe.de/content/html/index\\_e.html](http://www.briefmarken-messe.de/content/html/index_e.html)

101HEINRICH KÖHLER AUKTIONSHAUS. Company History. *Heinrich Köhler* [online]. 2012 [cit. 2012-07-20]. Dostupné z: [https://www.heinrich-koehler.de/en/\\_pages/&action=show&id=11](https://www.heinrich-koehler.de/en/_pages/&action=show&id=11)

102HEINRICH KÖHLER AUKTIONSHAUS. 350th Auction: Online catalog. *Heinrich Köhler* [online]. 2012 [cit. 2012-07-20]. Dostupné z: <https://www.heinrich-koehler.de/en/350-heinrich-koehler-auktion/>

103HEINRICH KÖHLER AUKTIONSHAUS. Staff members. *Heinrich Köhler* [online]. 2012 [cit. 2012-07-20]. Dostupné z: [https://www.heinrich-koehler.de/en/\\_users/&action=get\\_team\\_page&id=67](https://www.heinrich-koehler.de/en/_users/&action=get_team_page&id=67)

104HEINRICH KÖHLER AUKTIONSHAUS. General Conditions for Auction. *Heinrich Köhler* [online]. 2012 [cit. 2012-07-20]. Dostupné z: [https://www.heinrich-koehler.de/en/\\_pages/&action=show&id=50](https://www.heinrich-koehler.de/en/_pages/&action=show&id=50)

year, as can be seen from collected data in Appendix 1. for years 2003 to 2011. The company often does one auction made by two sub-auctions together in one week and in the statistics in this analysis it will be classified as one auction. The company offered in average 19 505 items per year, calculated from the data between year 2003 to 2011. In the last eight auctions the company in average sold in total items in the value of 4 457 835€ per auction and had sold in average 50,75% of items offered in auction as can be seen in collected data in Appendix 1..

The company use auction catalogues, company website and portals with philatelist items to offer the auction items to its clients. The company also uses for additional propagation advertisements on philatelist websites such as PhilaSearch.com.

The Heinrich Köhler is part of “Global Philatelic Network “ and offers to its clients that they can bring consignments to sister organisations based in Honk Kong or United States and it will offer them the same security as if they bring them to main offices in Germany.<sup>105</sup>

The company also has advertisements in many places, all respondents to Questionnaire II. (Question 7) said that it has almost the same level of promotion as Auktionshaus Christoph Gärtner.

From the collected data in Appendix 1. the Heinrich Köhler is not expanding and have strong promotion. From the data it can be said that the company is stable and is using advertisement to grow. This is partly supported by respondents of Questionnaire II. (Question 58,67).

### **3.8.3 Auktionshaus Ulrich Felzmann GmbH & Co. KG**

The Auktionshaus Ulrich Felzmann GmbH was founded in the year 1976 by Ulrich Felzmann<sup>106</sup>, who followed family tradition of career in philately<sup>107</sup>. The

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105HEINRICH KÖHLER AUKTIONSHAUS. Global Philatelic Network. *Heinrich Köhler* [online]. 2012 [cit. 2012-07-20]. Dostupné z: [https://www.heinrich-koehler.de/en/\\_pages/&action=show&id=169](https://www.heinrich-koehler.de/en/_pages/&action=show&id=169)

106AUKTIONSHAUS ULRICH FELZMANN. The success story: 1976-1986. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/1976-to-1986.html>

107AUKTIONSHAUS ULRICH FELZMANN. The success story: Before 1976. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/before-1976.html>

company is based in Düsseldorf and has offices in other cities such as Berlin<sup>108</sup>, Germany and has more than 10 employees.<sup>109</sup> The Auktionshaus Ulrich Felzmann proudly displays the Entrepreneur of the Year Award 2006 for “exceptional commercial success in the specialist field of philately, founded on modern marketing strategies”<sup>110</sup>. The company sells stamps and also coins.

The Auktionshaus Ulrich Felzmann will have to the end of year 2012 made more than 138 public auctions<sup>111</sup>. The auctioneer has in most cases philately and also numismatic material included in one auction, from the auction data presented in Appendix 1. The average percentage of philately in their auctions is 60,45%, calculated from the data acquired from the last eight auctions. The company on average do 3,71 auctions per year, based on data from 2005-2011 and in average offers 16 193 philatelic items per year, from the total 27 056 items offered (philately and numismatic) in average per year. Based on the data from last two auctions, the company on average sell philately in the value of 1 573 313€ per auction. The company has on average sold 53,83% of offered philatelic items to buyers.

From the data in Appendix 1., we can also see that the company has relatively the same number of items offered per year with slight increases in the years 2010 and 2011. The data for acquired about auctions of this company is included in Appendix 1..

The company has provision rate 19% paid by buyers of the price of sale with additional 1,5€ paid by buyer per item<sup>112</sup>.

The company has its own auction hall and use company design guides in its offices, printed materials and its website<sup>113</sup>.

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108AUKTIONSHAUS ULRICH FELZMANN. The success story: 1996-2006. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/1996-to-2006.html>

109AUKTIONSHAUS ULRICH FELZMANN. Our Contact Persons. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/team/>

110AUKTIONSHAUS ULRICH FELZMANN. The success story: SME of the year. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/sme-of-the-year-.html>

111AUKTIONSHAUS ULRICH FELZMANN. Catalogue Archive. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/sell/catalogue-archive-1/>

112AUKTIONSHAUS ULRICH FELZMANN. General auction conditions. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/sell/guide-for-bidders/auction-conditions.html>

113AUKTIONSHAUS ULRICH FELZMANN. The success story: From 2006 to 2010. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/from-2006-to-2010.html>

The overall advertisement level is lot less that the previous two companies. The main advertisement is in the DBZ and important magazines. (Questionnaire II., Question 11)

The company on its website also says that they were one of “one of the pioneers of web philately”<sup>114</sup>. But it can be said that even now, in the process of competitor analysis the web pages of Auktionshaus Ulrich Felzmann were one of the best of analysed companies.

To conclude the Auktionshaus Ulrich Felzmann is relatively stable or slightly loosing market share based on the analysed data and respondents of Questionnaire II. (Question 59) . The overall strategy seems only to maintain the market position based on the data and Questionnaire II. (Question 68).

### **3.8.4 Schwanke GmbH – Hamburg, Germany**

The Schwanke GmbH was established in 1972 and is still managed by Schwanke family, currently by Hans-Joachim Schwanke and is based in Hamburg, Germany. The company had been previously known also as “Schwanke & Sohn Briefmarkenauktionen“ or “Schwanke Briefmarkenauktionen GmbH“.<sup>115</sup>

The company has provision rate 20% paid by buyers of the price of sale with additional 2€ paid by buyer per item<sup>116</sup>.

The company says that they hosts “five auctions annually and offer collectibles with a total value of over 5 Mill. Euro“. The company has already organized more than 330 auctions.<sup>117</sup>

The company uses printed auction catalogues, its own website and portals with philatelic items such as PhilaSearch.com. Their website offers only basic functionality and bidding with additional user sections. The company has promotion in philatelist

114AUKTIONSHAUS ULRICH FELZMANN. The success story: 1996-2006. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/the-company/the-success-story/1996-to-2006.html>

115WARD, AJ. Stamp Dealers Directory. *AJ's Encyclopedia of Stamps and Philatelic Links* [online]. [cit. 2012-08-25]. Dostupné z: <http://arthurj-w.tripod.com/i/localdlr/de.htm>

116PHILASEARCH.COM. 8600: Telefon cards - Collections: Order 9255-A337-4868. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-15]. Dostupné z: [http://www.philasearch.com/en/i\\_9255\\_4868/Telefon\\_cards/michel\\_S.html?breadcrumbId=339361525#.UCz8AaNKcd8](http://www.philasearch.com/en/i_9255_4868/Telefon_cards/michel_S.html?breadcrumbId=339361525#.UCz8AaNKcd8)

117SCHWANKE. Auctions. *Schwanke Auctions* [online]. 2012 [cit. 2012-06-15]. Dostupné z: <http://www.schwanke-auktionen.de/auctions>



magazines for Germany and neighbouring countries. (Questionnaire II., Question 15&16)

The company in average offer 25 858 items to its customers per year in their auctions and host in average 6,25 auctions per year, based on the years 2007-2011, with data shown in Appendix 1.. The average percentage of sold items in their last four auctions was 52,69% and the average total price of sold items in these auctions was 746 000€, with the data presented in Appendix 1..

From the obtained data of years 2007 to 2011, shown in Appendix 1., we can see that the company is offering less items to sale in their auctions per year. And we can also see, that the total price of sold items in the last four auction is also getting lower. The answers of respondents in Questionnaire II. (Question 60,69) are more positive that the conclusions made on the basis of analysed data in this work. Overall the company is on the edge between stable and losing market share and the overall strategy will be probably more about maintaining the market share.

### **3.8.5 Jürgen Götz e.K. Internationales Auktionshaus**

Jürgen Götz founded the company Jürgen Götz e.K. Internationales Auktionshaus in the year 1975 and is still owner. The company owns building in which they have offices and also hold public auctions, that was built in the year 1994.<sup>118</sup> The company has offices in Oberkirch, Germany near Strasbourg and has more than 8 employees<sup>119</sup>.

The company had already done more than 340 auctions. The company did 6 auctions in the year 2011, 6 in 2010, 7 in 2009, 7 in 2008, 8 in 2007 and 6 in 2006.<sup>120</sup> Jürgen Götz don't publish auction results, from the Questionnaire II. (Question 21), the company should sell between 40-60% of items on sale in its public auctions, for comparison with other firms the 50% average will be used.

The company sells mainly trough its public auctions and the items are published are on their website and by printed catalogues. The advertisement efforts are mainly

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118JÜRGEN GÖTZ. Portrait. *Auktionshaus Jürgen Götz: Internationale Briefmarkenauktionen* [online].

2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/index.php?page\\_id=26](http://www.goetz-auktion.de/index.php?page_id=26)

119JÜRGEN GÖTZ. Kontakt. *Auktionshaus Jürgen Götz: Internationale Briefmarkenauktionen* [online].

2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/index.php?page\\_id=30](http://www.goetz-auktion.de/index.php?page_id=30)

120JÜRGEN GÖTZ. Archiv. *Auktionshaus Jürgen Götz: Internationale Briefmarkenauktionen* [online].

2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/index.php?page\\_id=56](http://www.goetz-auktion.de/index.php?page_id=56)

targeted at Germany (Questionnaire II., Question 22). The company also sells items in limited numbers through eBay<sup>121</sup>. The company has provision rate 19% paid by buyers of the price of sale with additional 2€ paid by buyer per item<sup>122</sup>.

The web pages of Jürgen Götz offer auction archive with auction catalogues in PDF format from year 2005 and up<sup>123</sup>. Web pages also contain their eCatalog with items from current auctions but with basic functionality and not with good user interface<sup>124</sup>.

Jürgen Götz, from the acquired data, is losing its market share as it is offering less items each year. This is also supported by respondents of Questionnaire II. (Question 61). The strategy seems in overall to maintain its market share (Questionnaire II., Question 70) but from the data in could be also a passive strategy.

### **3.8.6 Deider Briefmarkenauktionen**

The company Deider Briefmarkenauktionen is operated by Siegfried Deider, who had interest in philately and was set up by him in the year 1985 in the München. The company is still has offices in München, Germany and hosts public auctions in München.<sup>125</sup>

The company has more than 5 employees and is specializing on Bavaria and Austria (Questionnaire II., Question 24&26).

The company has already done more than 50 public auctions. The company do about 2 auctions per year with and in the years 2004-2011 the average number of offered items per year was 10 842, the number of items offered by each auction is available in Appendix 1.. The average percentage of sold items was in their last two auctions 45,87% and the average total price of sold items was 1 117 000€, the data for these two auctions is shown in Appendix 1..

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121EBAY INC. Briefmarken-Eldorado Shop. *EBay* [online]. 1995-2012 [cit. 2012-07-01]. Dostupné z: <http://stores.ebay.de/Briefmarken-Eldorado-Shop>

122JÜRGEN GÖTZ. Götz 346: auction catalogue. *Auktionenhaus Jürgen Götz: Internationale Briefmarkenauktionen* [online]. 2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/mediafactory/G346/346\\_el.pdf](http://www.goetz-auktion.de/mediafactory/G346/346_el.pdf)

123JÜRGEN GÖTZ. Archiv. *Auktionenhaus Jürgen Götz: Internationale Briefmarkenauktionen* [online]. 2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/index.php?page\\_id=56](http://www.goetz-auktion.de/index.php?page_id=56)

124JÜRGEN GÖTZ. EKatalog: Los. *Auktionenhaus Jürgen Götz: Internationale Briefmarkenauktionen* [online]. 2012 [cit. 2012-07-01]. Dostupné z: [http://www.goetz-auktion.de/index.php?page\\_id=32&direction=ahead&t=0&type=einzel](http://www.goetz-auktion.de/index.php?page_id=32&direction=ahead&t=0&type=einzel)

125DEIDER BRIEFMARKENAUKTIONEN. Startseite. *Deider Briefmarkenauktionen* [online]. 2012 [cit. 2012-06-17]. Dostupné z: <http://www.deider.de/>

The company has provision rate 18% paid by buyers of the price of sale with additional 1,5€ paid by buyer per item<sup>126</sup>.

The company website is not very user friendly and the online version of actual catalogue offers basic and standard functionality. The auction archive offers only some auctions in the PDF format.

The company publish its auctions in print and on its website and also on some portals such as PhilaSearch.com<sup>127</sup>. The company has advertisement in DBZ magazine (Questionnaire II., Question 28).

From the available data the Deider Briefmarkenauktionen is stable on the verge losing share as it offer less items to possible buyers (Questionnaire II., Question 62,71). The strategy would be therefore somewhere between passive and maintaining market share, also supported by Questionnaire II. (Question 71).

### **3.8.7 SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH**

The company was founded by Andreas Schlegel and Jürgen Hantschel in 2007. Andreas Schlegel has a philatelic background as his father had shop with philatelist material and also worked as expert in philately and as his son he gained the knowledge from him ad later in his own working life<sup>128129</sup>. The company has log tradition and good name because of the father of the owner and they have high level of advertisements on the same level as Auktionshaus Christoph Gärtner (Questionnaire II., Question 32&33).

The company is based in Berlin, Germany and has more than 3 employees<sup>130</sup>. The company had already done 11 public auctions (multi day). The company publishes its own printed auction catalogue and web version of its catalogue is not on its own web

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126DEIDER BRIEFMARKENAUKTIONEN. Bedingungen-D. *Deider Briefmarkenauktionen* [online]. 2012 [cit. 2012-06-17]. Dostupné z: <http://www.deider.de/philnet/deider/dhomeneu3.nsf/%28HTML%29/Bedingungen-D?OpenDocument&key=1&Key=>

127PHILASEARCH.COM. Deider Briefmarkenauktionen. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-13]. Dostupné z: [http://www.philasearch.com/en/ha\\_9260/Deider+Briefmarkenauktionen.html](http://www.philasearch.com/en/ha_9260/Deider+Briefmarkenauktionen.html)

128SCHLEGEL BERLINER AUKTIONSHAUS FÜR PHILATELIE. About us. *Andreas Schlegel - Internationale Briefmarkenauktionen in Berlin* [online]. 2012 [cit. 2012-06-23]. Dostupné z: <http://www.auktionshaus-schlegel.de/index1E.html>

129SCHLEGEL BERLINER AUKTIONSHAUS FÜR PHILATELIE. Hans-Georg Schlegel. *Andreas Schlegel - Internationale Briefmarkenauktionen in Berlin* [online]. [cit. 2012-06-23]. Dostupné z: <http://www.auktionshaus-schlegel.de/index11E.html>

130SCHLEGEL BERLINER AUKTIONSHAUS FÜR PHILATELIE. About us. *Andreas Schlegel - Internationale Briefmarkenauktionen in Berlin* [online]. 2012 [cit. 2012-06-23]. Dostupné z: <http://www.auktionshaus-schlegel.de/index1E.html>

pages but on the PhilaSearch.com, that is a server that aggregates philatelic items from many auction houses.<sup>131</sup>

The company has provision rate 18% paid by buyers of the price of sale with additional 1,5€ paid by buyer per item<sup>132</sup>.

The company does two auctions per year, only in the year 2007 when the company was started the company done only one auction, as can be seen in Appendix 1.. The company offered in average in the years 2007 to 2012, 21 973 items per year to sale in their auction, the number of offered items for each auction is available in Appendix 1.. In the last four auctions the company on average sold 36,94% of the offered items to buyers and in these last four auctions sold in average items in the total price of 886 481€ per auction. The data for the last four auction is available in Appendix 1.. From acquired data we can see that the company is increasing the number of items that are offered in each auction.<sup>133</sup>

From the acquired data we can say that the SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH is increasing the number of offered items and has a high level of advertisement. This means that the company is growing and has a strategy that supports this growth, also supported by respondents in Questionnaire II. (Question 63&72).

### 3.8.8 Mirko Franke

The Internationales Auktionshaus Mirko Franke, was founded by Mirko Franke in the year 1990 and started hosting international auctions in the year 1995. The company describes itself as one of the biggest auctioneers in Germany and says claims that because of international clientèle their revenues rise. The company is based in Bargteheide, Germany near Hamburg.<sup>134</sup>

The company already had its 57<sup>th</sup> auction, in which they offered 8 634 items. The

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131PHILASEARCH.COM. Schlegel Berliner Auktionshaus. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-13]. Dostupné z: <http://www.philasearch.com/en/houseinfo.html?id=9097>

132SCHLEGEL BERLINER AUKTIONSHAUS FÜR PHILATELIE. Conditions of Auction Sale. *Andreas Schlegel - Internationale Briefmarkenauktionen in Berlin* [online]. 2012 [cit. 2012-06-23]. Dostupné z: <http://www.auktionshaus-schlegel.de/index6E.html>

133PHILASEARCH.COM. Schlegel Berliner Auktionshaus. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-13]. Dostupné z: <http://www.philasearch.com/en/houseinfo.html?id=9097>

134INTERNATIONALES AUKTIONSHAUS MIRKO FRANKE. Wir üben uns. *Mirko Franke Briefmarkenauktion* [online]. 2012 [cit. 2012-07-10]. Dostupné z: <http://www.mirko-franke-auktion.de/neu/wir.htm>

company publish printed auction catalogue, and their last auction was also published on PhilaSearch.com.<sup>135</sup> The company representative written in email to the author that the company do four auctions per year and they offer in each auction between 5000-10 000 items. For competitors comparison the average of 7 500 offered items per auction and 30 000 offered items per year will be used.

The company has some advertisements in the DBZ magazine (Questionnaire II., Question 36). The website of Auktionshaus Mirko Franke is very basic and offer only basic information with not very good catalogue of current auction<sup>136</sup>.

The company has provision rate 18% paid by buyers of the price of sale with additional 2€ paid by buyer per item<sup>137</sup>.

The Auktionshaus Mirko Franke based on the answers of respondents of Questionnaire II. (Question 64&73) has a maintaining or passive strategy and is stable or losing share.

### 3.8.9 Auktionshaus Veuskens

The Auktionshaus Veuskens says about them that „The name Veuskens stands for a continuous trader tradition of over 200 years. Since 1986 we have successfully arranged stamp and coin auctions“. <sup>138</sup> The company is based in Hildesheim, Germany near Hanover. The company has 17% provision paid by buyers of the price of sale<sup>139</sup>.

The company had organized 77 public auctions<sup>140</sup>. The auctions are propagated

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135PHILASEARCH.COM. Mirko Franke Auktion. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-13].

Dostupné z: [http://www.philasearch.com/en/ha\\_9320/Mirko+Franke+Auktion.html](http://www.philasearch.com/en/ha_9320/Mirko+Franke+Auktion.html)

136INTERNATIONALES AUKTIONSHAUS MIRKO FRANKE. Startseite. *Mirko Franke Briefmarkenauktion* [online]. 2012 [cit. 2012-07-10]. Dostupné z: <http://www.mirko-franke-auktion.de/>

137INTERNATIONALES AUKTIONSHAUS MIRKO FRANKE. Impressum. *Mirko Franke Briefmarkenauktion* [online]. 2012 [cit. 2012-07-10]. Dostupné z: <http://www.mirko-franke-auktion.de/neu/agb.htm>

138AUKTIONSHAUS VEUSKENS. About us. *Veuskens-Auktionen* [online]. 2012 [cit. 2012-07-13].

Dostupné z: [http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/\(HTML\)/WirUeberUns-E?OpenDocument](http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/(HTML)/WirUeberUns-E?OpenDocument)

139AUKTIONSHAUS VEUSKENS. Terms for sale at auction. *Veuskens-Auktionen* [online]. 2012 [cit. 2012-07-13]. Dostupné z:

[http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/\(HTML\)/Bedingungen-E?OpenDocument](http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/(HTML)/Bedingungen-E?OpenDocument)

140AUKTIONSHAUS VEUSKENS. Results of former auctions. *Veuskens-Auktionen* [online]. 2012 [cit. 2012-07-13]. Dostupné z:

[http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/\(HTML\)/Archiv-E?OpenDocument](http://www.veuskens.de/WWW/PHILNET/VEUSKENS/VEUSHOMEN.NSF/(HTML)/Archiv-E?OpenDocument)

by printed auction catalogue, online catalogue on web pages of the company and also on PhilaSearch.com<sup>141</sup>.

The company organizes about 4 auctions per year, and in the year 2011 the company offered 29 878 items in their auctions. More detailed information can be found in Appendix 1.. The auction room is in their headquarters and the company also own its building (Questionnaire II., Question 45&46).

The Auktionshaus Veuskens based on the data in Appendix 1. offering less items in their auction from year 2009, this means that the company is losing share of the market. This means that the company has probably passive strategy. Also the respondents of the Questionnaire II. (Question 65&74) had very different assessment of the strategy and position and this could mean that there are some factors that impact this company that were not analysed in this analysis.

### **3.8.10 Additional information gained from questionnaires**

From data collected by Questionnaire I. (Questions 56,64,65) the advantage of firms from Germany on the German market are the following:

- Companies have often, as can be seen from the analysis of the companies above, long tradition.
- The companies already established get in most cases high level of confidence and soundness from customers associated with German companies.
- The companies also offer certain guarantees of legal relations by the German law.
- The companies also often have available capital, that is needed to effectively operate on the market.

The companies that were analysed also use different mix of methods of philatelist items acquirement (buying, mediation). As the companies don't publish these

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141PHILASEARCH.COM. Auktionshaus Veuskens. *PhilaSearch.com* [online]. 2012 [cit. 2012-08-13]. Dostupné z: [http://www.philasearch.com/en/ha\\_43/Auktionshaus+Veuskens.html](http://www.philasearch.com/en/ha_43/Auktionshaus+Veuskens.html)

information, the respondents were asked to evaluate the use of these methods of the selected companies as can be seen in Questionnaire II. (Questions 75-83). From received responses we can see that some companies will probably use the mediation method more (Mirko Franke, Auktionshaus Ulrich Felzmann) and some are buying more items from suppliers to stock (Auktionshaus Christoph Gärtner).

### **3.8.11 Summary of competitor analysis**

The selected competitors that were analysed were companies chosen on their market importance perceived by people with knowledge about the German market with philately by Questionnaire I. & II., available in Appendix 3. and Appendix 6..

As can be seen in the following Table 10 that aggregates auction statistics, those nine analysed auction companies host in average more than 34 auctions per year with more than 261 000 items per year on sale. The average percentage of sold items is analysed auctions was under 45%. We can also see that some auctions sell in average in each of theirs auctions items in more than 4 million Euro.

From the statistical data we can also see that the market is not dominated by one or small number of companies and it is possible to enter the market as is illustrated by Auktionshaus Christoph Gärtner who is relative newcomer. From the data gathered analysis, it can also be said, that the competitors don't react strongly to new competitors entering the market.

<b>Company</b>	<b>Auctions per year (average)</b>	<b>Items in auctions per year (average)</b>	<b>Percentage sold per auction (average)</b>	<b>Sold items € per auction (average) in 000</b>
Auktionshaus Christoph Gärtner	3,30	50 284	35,00%	4 565
Heinrich Köhler Auktionshaus	2,50	19 505	50,74%	4 458
Auktionshaus Ulrich Felzmann	3,71	16 193	53,83%	1 573
Schwanke	6,25	25 858	52,69%	746
Jürgen Götz e.K. Internationales Auktionshaus	6,30	57 549	50,50%	x
SCHLEGEL - Berliner Auktionshaus für Philatelie	2,00	21 973	36,94%	886
Deider Briefmarkenauktionen	2,00	10 842	45,87%	1 117
Mirko Franke	4,00	30 000	32,86%	433
Auktionshaus Veuskens	4,00	29 405	46,00%	696
<b>Sum per year</b>	34,06	261 609		
<b>Average on auction</b>			44,94%	

*Table 10: Selected competitors auction statistics (Source: Author)*

One of important differences between competitors is the percentage (premium, provision) that is paid by buyers to auctioneer from the price of bought items. As can be seen in the following Table 11 the percentage is from 17% to 20%, that is an average of 18,67%. Most firms also add an additional provision per item from 1,5 € to 2 €. This offers opportunity for Burda Auction, as it has only provision of 13%<sup>142</sup> without any additional provision per item. On the premiums and additional provisions, the legally applicable Value Added Tax will be due.

<sup>142</sup>BURDA AUCTION. Burda Auction, s.r.o. General Trading Terms. *Burda Auction* [online]. 2012 [cit. 2012-06-28]. Dostupné z: <http://www.burda-auction.com/en/about-us-contacts/general-trading-terms/>



<b>Company</b>	<b>Provisions paid by buyers</b>	<b>Additional provision per item (€)</b>
Auktionshaus Christoph Gärtner	20,00%	2,0
Heinrich Köhler Auktionshaus	19,00%	1,5
Auktionshaus Ulrich Felzmann	19,00%	1,5
Schwanke	20,00%	2,0
Jürgen Götz e.K. Internationales Auktionshaus	19,00%	2,0
SCHLEGEL - Berliner Auktionshaus für Philatelie	18,00%	1,5
Deider Briefmarkenauktionen	18,00%	1,5
Mirko Franke	18,00%	2,0
Auktionshaus Veuskens	17,00%	0,0

*Table 11: Selected competitors – provisions (premiums) (Source: Author)*

From the analysis of competitors it can be said that:

- Auktionshaus Christoph Gärtner – Is growing using expansive strategy with high level of advertisement.
- Heinrich Köhler Auktionshaus – Is stable with slow growth with help of advertisement.
- Auktionshaus Ulrich Felzmann – Is maintaining market position with stable or slightly decreasing of market share.
- Schwanke – Is on the edge between stable and losing market share and using maintaining the market share strategy.
- Jürgen Götz e.K. Internationales Auktionshaus – Is losing market share and has passive strategy.
- Deider Briefmarkenauktionen – Is between stable and losing market share and use passive or maintaining strategy.
- SCHLEGEL – Is growing with strategy of slow growth with high level of advertisement.
- Mirko Franke – Is maintaining or slowly losing its market position and has

maintaining or passive strategy.

- Auktionshaus Veuskens – Passive strategy and losing market share.

From the analysis we can see that some companies are growing with aggressive marketing efforts, but many of the already established companies are mainly maintaining their positions and are not actively trying expand.

To conclude, this part of analysis offered better insight into the competition on the market and revealed that the Burda Auction can enter the German market and compete with established competition as there are possibilities to market entry, also shown by Auktionshaus Christoph Gärtner.

### ***3.9 Market entry mode analysis***

The market entry mode analysis will be based on the experience and knowledge gained by the author in the time of working for Burda Auction and also based on the interviews, discussions and consultations done with the owner of Burda Auction Mr. Burda as he has the knowledge and contacts to other companies on the Czech market. Also the data from previous analyses in this work will be used. This is because there isn't any research available on the market entry of Czech company that operate on the philatelic market to a foreign market or German market.

Also it must be taken into account, that each of these market entry modes require to acquire items relevant to the needs of customers on the market. This needs to be taken into account in the overall strategy and will not be included in the rating of market entry modes and its capital requirements in this analysis.

In the following sub-chapters, the strategic priorities will be analysed first and then each of the market entry modes will be analysed from the point of view of a Czech company Burda Auction, that wants to enter a German market with philatelist material.

#### **3.9.1 Strategic priorities analysis**

- **Degree of hierarchical control**

If a company from Czech republic wants to enter philatelic market in Germany, it needs to have available or acquire the required specialist knowledge and experience to operate on the market.

The protection of property rights will be important only for those companies that have already created and have internal knowledge and support processes, that could provide competitive advantage to competitors if they acquired them. But the Germany has good and stable law system that provide legal protection.

The strategic market importance of German market will is different for each company, based on their strategic plan. But overall the German market is bigger than the Czech market and therefore provide opportunity for expansion and possibility of acquisition of more customers that the company already has in Czech market.

The German government and laws don't regulate the philatelist market by some special laws and as the Czech Republic and Germany are both in European Union, the law framework is being synchronized.

The financial and human resources that the company will need to have available is different for each method of entry. But all the market entry methods have the common need of employees that can speak German and have knowledge about philatelic items.

The because of the need to provide good quality of services, follow market trends and the need to retain the employees with knowledge the companies entering the German market will want to keep tight control mechanisms than loose control mechanisms for their foreign operations.

- **Market entry rapidity**

The philatelist market in Germany is already established with strong competition and their main advantage is often their brand that has history and established reputation.

The newcomers can't get any advantages because of their later entry, except of the possibility that they can use better modern technology to provide better overall service to their customers and to have more effective internal processes.

For some market entry modes the investment costs will be high, as will be described and also companies need to use a lot of investments if they wanted to buy items to stock (desired items on German market) .

If the company entering into the German market will use one of the entry methods that use foreign market it could lead to damage the brand of company

or investment loss, if the partner company doesn't perform good.

Overall the market entry rapidity has not very high impact on the overall market entry strategy.

- **Proximity to the market**

The philatelist market is made by items that are similar but different and have different level of uniqueness. These items don't have some date of expiry and are in most cases easily transportable. The basic service = auction and associated services such as shipping is provided by all competing companies on the market. The market is stable but in the long term will be shrinking and the firms on the German market need to have good image or brand to operate and become known and successful. The company also needs to offer to its customers their desired items that are different (category, type, etc.) than are the desired items in Czech Republic.

The transportation time is not very important for customers on the market and the Germany don't impose any special import tariffs on imports from Czech Republic as both countries are in the European Union. The costs of transportation are higher if company export from Czech republic to foreign market than if it would shipped from inside the Germany. In most cases the cost of transportation is paid by customers.

Close proximity would offer also better access to the market, offer more relevant knowledge and could offer better basis for faster identification of trends on the market.

The proximity to the market can be close or distant based on the selected market entry and each offer different pros and cons.

- **Investment risk**

The companies on the market with philately generate revenue primarily from provisions (premium) paid by buyers from items they bought and also by suppliers who pay provisions from items that were sold through auctions.

The market is currently stable, but in long-term will be shrinking, the competition on the market is medium and the competitors in the foreign market will in most cases not react to new competitor if his size (number of items on sale, number of sold items, the total price of sold items) is not such that it will

pose high risk for them.

The required financial resources, will differ between market modes, and the company needs to take account where it can get the required financial resources and if it is advisable to get into possible debt.

### **3.9.2 Contracting (market mechanism)**

- **Indirect export**

The indirect export is not a very efficient or suitable option for a Czech company to enter a German market as this method only increase the end price for customers and the direct export mode is easily feasible and Burda Auction is even currently using direct export method, this mode would not offer advantages and therefore it's not recommended.

- **Direct export**

Companies or single persons that sell philately could and often sell their material to foreign buyers (direct export) because of the open worldwide market and also because the internet. Direct export is the only method that is widely used on the market.

It's associated with higher end cost for customer's as most companies, Burda Auction included, will add the cost of shipping to the invoice paid by customer and the shipping costs are higher for clients if the shipping is international (Czech Republic to Germany). This is making the companies that do direct export less attractive to German customers.

In the German philatelist market, where the customers prefer German auctioneers, this method as the auctioneer is from Czech Republic is lowering the chance of establishing strong foothold. And also it limits the access to local information.

The positive side of direct export is that the company don't need to change its internal processes as it's shipping sold items to customer's already and has the needed infrastructure (Shipping is done by external companies, such as Česká Pošta or DHL). It also does not require any additional facilities or personnel, if the company has already personnel that can speak German.

This method is therefore associated with low investment cost and low risk for the company and maximize the scale as it use the existing facilities.

Burda Auction already use the direct export method, not targeted primarily on German market, as it has many clients from abroad and because of this this method is in use and also possible to use to enter the German market.

- **Licensing**

The licensing is not preferable method to enter the German market as the know-how on the philatelist market are the employees. Some companies can have internal support systems, such as intranet of Burda Auction, but most of them have only elemental support by IT systems (such as Excel).

As the most important is the knowledge in this field, the licensor would probably only helped create its competitor and therefore this method is not recommended.

As Burda Auction has a computer system that supports almost all intranet processes it could probably do licensing, but it would not help the company in long term and is also not preferred method and as such the mode is not preferred.

- **Franchising**

As on the German market, the customers prefer German companies the franchising would be not very effective. Part of this is that Czech companies don't have long history or strong brand and only some of them are more known internationally.

In the point of the Burda Auction, the company has not strong brand name or long history and therefore this market entry mode is not very feasible.

- **Contract manufacturing**

The contract manufacturing is not feasible method for the German market with philatelic material as there is no items manufactured. And also the cost associated with employees and offices is higher in German than in Czech Republic and as such outsourcing for example writing the description of items would not be cost effective.

- **Management contracts**

There isn't company on the market that offer services of management contract on

the philatelist market. The know-how needed to build company is only available in the companies that are on the market and operate in the philatelist market. Because of this this method is not feasible.

- **Turnkey contacts**

The same as for management contract can be said for turnkey contracts. Therefore this method is not feasible.

### **3.9.3 Cooperation (hybrid forms)**

- **International joint ventures**

The international joint venture is not very feasible mode as can be illustrated by the current situation on the market where most of companies on Czech market and even on the German market with philately are owned by one owner, that is in most cases philately enthusiast. There are some companies that are owned by more owners but but it is minority or owned by family members.

Also because of the relations between owners of firms in Czech Republic there is low possibility of a joint venture where two subject would create a new independent subject. The owner of Burda Auction, would also not prefer this method as his strategy is develop Burda Auction as a brand name and company.

- **Strategic alliances**

The strategic alliance is different than international joint ventures but it share the same points and is also not preferred or feasible.

### **3.9.4 Wholly owned subsidiary (hierarchy)**

- **Overseas branches**

The foreign branch in Germany could offer better access to the market in Germany, but as the branch is only branch and is part of the mother company, it would not be a “German” company and would not have as good impact. The company could get a better overview of the market as the proximity to market is high.

In branch office, that could be leased to lower the cost, there would need to be staff available that has the needed knowledge to consult philately and as the knowledge is specific and mostly only enthusiasts or people that work in this

market have it, it would be hard to find the people and could be also expensive. But the company could use it as a transfer point for items exported into Germany to lower the cost of shipping for its customers.

Overall this method is not preferred for Burda Auction.

- **Wholly owned subsidiary (buy existing company)**

There could be possibility of buying a existing German company operating on the philatelist market. This method of market entry would offer to the Czech company the possibility of gaining the brand image, history and the established market position. This would help to better establish position on the market. It would also offer high degree of control and high proximity to market.

This method has high capital requirements, as most companies have some items on sale and the brand name has its price too. Also the price will be higher if the company has longer history or a better known name. Small company could cost about 200 000 €, company of the size of Welt - Phila GmbH 1 000 000 € and of the size of Heinrich Köhler Auktionshaus GmbH und Co. KG about 30 000 000 €, based on the Questionnaire II. (Question 85).

The acquired company could also offer the knowledge of the market if it also has employees. It could also provide database of clients and easier access to suppliers as the company would had already some suppliers and new suppliers will have higher confidence to make a deal.

For Burda Auction this method would be possible from the point of establishing market share in Germany, but would have very high capital requirements.

- **Wholly owned subsidiary (set-up new company)**

The company could also set-up a whole new company based in Germany. It would offer high degree of control and high proximity to market and would not be as expensive as buying already existing company.

Still it would require to buy or lease offices, create and find employee that would need training or search for employees with the knowledge about philately. It would be a German company and this should improve, in the long term, the outlook and should help to acquire buyers and suppliers confidence faster. But as the company would be new, it would start from the bottom and it would take time to build the brand name and establish herself on the market.



This market entry mode is possible but would require a substantial capital requirements.

### 3.9.5 Summary

In the strategic priorities analysis, it was found that the degree of hierarchical control should be high for market entry modes, except direct export. The market entry rapidity is not very important as the market is already established and it will be based on the selected strategy. The proximity to the market could be close or distant based on the market entry mode, the distant proximity add additional costs for customers because of the shipping costs. The close proximity would offer better access to the market. And the Investment risk is different for different methods of market entry as it vary and will be based on the selected market entry strategy.

From the analysis of the market entry modes, it was found that for Burda Auction there are 3 possible for enter the German market with philately. The following table contains the summary of market entry modes and the assessment of each mode.

<b>Market entry mode</b>	<b>Assessment</b>
Indirect export	Not recommended
Direct export	Possible, already in use
Contract manufacturing	Not feasible
Licensing	Not feasible
Franchising	Not feasible
Turnkey contracts	Not feasible
Management contracts	Not feasible
Strategic alliances	Not feasible
International joint ventures	Not feasible
Overseas branches	Not preferred
Wholly owned subsidiary (buy existing company)	Possible, but very expensive
Wholly owned subsidiary (set-up new company)	Possible, expensive

*Table 12: Summary of market entry modes assessment (Source: Author)*

From this we can see that three modes are possible to use for Burda Auction to enter the market, these modes are the following:

- **Direct export**

Is currently used by Burda Auction, even though that it is not primarily targeted on the German philatelist market, but is a by-product of shipping to national and foreign customers.

This method would be least expensive as the company has already established procedures and all other requirements needed for this method of export.

The cons are the higher price for customers because of the shipping cost and that the company is not physically on the German market. It also doesn't help to provide higher confidence for suppliers and buyers as the company is still based in the Czech Republic and hasn't a very long history.

- **Wholly owned subsidiary (buy existing company)**

Is plan to buy a already existing company operating on the German market with philately. This would be very expensive and would require high capital investment, probably in millions of Euros.

It would offer Burda Auction, the credibility and history of the acquired company and the Burda Auction could use the established brand name. Acquiring could also include the employees and the database of clients (suppliers and buyers).

- **Wholly owned subsidiary (set-up new company)**

This method would offer the company better access to market with less capital requirements than buying existing company. But as the company must be started it will not have history or established name on the market.

The main positive effect for the company would be that the company would be German and in long-term it could get many clients and gain good name.

But as the company would be new, it would not get high trust from clients and the company would need time to establish itself on the market.

This analysis of market entry methods identified three possible entry methods that should be most suitable for Czech company Burda Auction to enter German market with philately.

### **3.10**        *7Ps marketing mix analysis*

This marketing mix analysis is based on the 7Ps framework and will analyse German market with philatelist items.

It is important to take account that the Burda Auction, and most firms with relevant market position on the philatelist market sell the philatelist items to customer through auctions. These auctions are service that allow buyers to bid for items and if they outbid other possible buyers they buy the item they placed bid on. For suppliers the auctioneers provide service that allows them to sell items through auctions to buyers for the best price, set by bidding of clients, that can be accomplished on the market.

The target for this analysis will be the selling of items to customers.

#### **3.10.1**        **Product**

In the most cases, the product offered is an philately item that is different, has different history and some uniqueness. These items have different quality and because they cannot be created by the company, they must be bought or provided by suppliers. This means that the auction company cannot affect the quality of items, it can only offer better service that is provided as a component of the sale, such as more accurate information about items, better photographic material or the shipping services.

The product, philatelic items, are bought for three main reasons. As a hobby for collectors that collect philatelist material. As a investment item to diversify portfolio of investors. And the last reason is to resale by firms operating on the philatelist market.

The items themselves as most of them are “used items” don't have standard warranty. The warranty is based on the “originality/authenticity” of items. Some more expensive items even have certificate made by expert that the item is authentic. The auctioneer in most cases returns money to the buyer if the buyer in a short time discovers that the item is fake.

The differentiation can be based primarily on the targeting of different parts (categories) of the German philatelist market and on the overall service that is provided by the auctioneer to the clients.

The end price of items, for which they are sold, is set by interested buyers when they bid on, for them interesting item, and the bidder that has offered the most money

(and first in time) win that item. The auction companies set the starting price by requested minimal price set by suppliers, or by the price that is based on the current market situation for items for such category and on the specialist catalogue price set by catalogues such as Michel<sup>143</sup>. To the final price is then added a provision (premium) in most cases a percentage of final price and often on German market also a fixed charge for each item. This premium and charge per item is set by the auctioneer.

The personnel that write down the description and categorize the item must have enough knowledge do this work, if it is not relevant description it lowers the chance of selling the item and create bad image of auctioneer. Lower importance has the photo documentation of items. On the market, the more known companies have all good quality of description of lots. Same cannot be said about photo documentation as some companies have photos only of some some items or only one photo of each item (number of photos that can be taken is based on the type of item).

The items are in most cases shipped to customer by shipping company than collected by personal pick up, as can be documented by the internal data of Burda Auction an the locations in which the analysed German companies have their public auctions and also because of the use of internet by buyers. And as was said before the price of shipping is charged to buyer. The shipping time is made by the time that the auctioneer needs to prepare the shipments after the end of auction based on issued invoices. As there are many buyers that win one or more items, this time in which the company prepares can take even week or more. The second part is the time that it takes shipping company to ship from auctioneer to buyer, it is not very long, often it takes one or two days for the European region.

### **3.10.2 Place**

Historically the most interesting and unique and therefore items of more value were sold by public auctions that published printed auction catalogues and had a final round with bidding in the auction room. But now there is of trend of using the internet to publish catalogues as the internet channels are used more and more to search and buy philately. (Questionnaire I., Question 36-40)

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143SCHWANEBERGER VERLAG. Michel. *Briefmarken.de* [online]. 2012 [cit. 2012-08-05]. Dostupné z: [http://www.briefmarken.de/datenbank/index.php?l=EN&c=change\\_language&mwsid=](http://www.briefmarken.de/datenbank/index.php?l=EN&c=change_language&mwsid=)

The companies often have online version of a auction catalogue on their website with different levels of additional information and functionality available for possible buyers. Currently there is also trend of using a portals that offer access to items from many different auctions in one place, one of the most used on the German market is the portal PhilaSearch.com. (Questionnaire II., Question 84)

The company can also use additional methods of propagating its products in different places, such as fairs, as will be more explained in the promotion part of this analysis.

The location of the auction rooms must be taken into account as only big clients with time would travel to Czech Republic to bid in the auction room. But from the analysis of competitors we know that the auction firms host auctions all over the Germany, and sometimes the travel can be longer to different part of Germany than to Czech Republic. Also location of the offices where the personal viewing of items is possible must be taken into account. Burda Auction offer high resolution images of items on the web and have WebRoom. WebRoom is web-application that allows real time online bidding between clients in person in the auction room and the clients on the internet that are using WebRoom application developed for this function. This negates partly the importance of location for more technically skilled clients.

### **3.10.3 Price**

As was also mentioned in the part about product, the end price of items, is set by bidding of possible buyers when they bid on and for them interesting item and the bidder that has offered the most money (and first in time). The auction companies set the starting price by requested minimal price set by suppliers, or by the price that is based on the current market situation for items for such category and on the specialist catalogue price set by catalogues such as Michel<sup>144</sup>. To the final price is then added a provision (premium) in most cases a percentage of final price and often on German market also a fixed charge for each item. This premium and charge per item is set by the auctioneer.

The premium offers possibility for Burda Auction as it has only commission

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144SCHWANEBERGER VERLAG. Michel. *Briefmarken.de* [online]. 2012 [cit. 2012-08-05]. Dostupné z: [http://www.briefmarken.de/datenbank/index.php?l=EN&c=change\\_language&mwsid=](http://www.briefmarken.de/datenbank/index.php?l=EN&c=change_language&mwsid=)

13%<sup>145</sup> and no additional charges per item. The companies from Germany that were analysed have provision between 15-20% with average of 18,67% and also have in most cases additional charge, if they charge for them, per item between 1,5-2€. All of these premiums are without the VAT. This offers chance for differentiation for Burda Auction.

The auction companies in most cases don't offer any discounts to its buyers, for illustration in the history of Burda Auction, only selected big clients got some future credit for use in next auctions. But this credit was small in the price of clients overall order.

The payment options used on the German market are following: payment in cash, cash on delivery (if by postal service), payment on the basis of invoice in advance, payment by bank transfer or credit/debit card<sup>146</sup>. Some companies also allow payment by cheque or form of payment by internet payments systems, most often by PayPal. Most clients, except some selected clients, must pay in advance.

#### **3.10.4 Promotion**

The main methods of promotion on the market with philately in Germany are the following:

- **Auction catalogues** – almost all auction companies publish printed auction catalogues that are then sent to its clients. This is very important marketing channel. (Questionnaire I., Question 27-34)
- **Advertisement in literature about philately** – Literature include specialist catalogues such as Michel<sup>147</sup> and literature about philately. In both there is possibility of advertisement (Michel) or sponsoring with advertisement in the book.
- **Advertisement in magazines about philately** – The main philatelist magazine

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145BURDA AUCTION. Burda Auction, s.r.o. General Trading Terms. *Burda Auction* [online]. 2012 [cit. 2012-06-28]. Dostupné z: <http://www.burda-auction.com/en/about-us-contacts/general-trading-terms/>

146AUKTIONSHAUS ULRICH FELZMANN. Methods of payment. *Felzmann Auctioneers* [online]. 2012 [cit. 2012-07-19]. Dostupné z: <http://www.felzmann.de/en/sell/guide-for-bidders/methods-of-payment.html>

147SCHWANEBERGER VERLAG. Michel. *Briefmarken.de* [online]. 2012 [cit. 2012-08-05]. Dostupné z: [http://www.briefmarken.de/datenbank/index.php?l=EN&c=change\\_language&mwsid=](http://www.briefmarken.de/datenbank/index.php?l=EN&c=change_language&mwsid=)

in Germany is the Deutsche Briefmarken-Zeitung (DBZ) where many auction firms have advertisement and where the advertisement cost from 290€ for advertisement on ¼ of page to 2 290€ for full page advertisement. This advertisement is widely used and companies such as Auktionshaus Christoph Gärtner GmbH have full page advertisements. The DBZ is published by-weekly and distribute more than 27 000 copies.<sup>148</sup>

- **Fairs/Exhibitions – (stand)** – Also important is to be seen at philatelist fairs or exhibitions such as Internationale Briefmarken Börse<sup>149</sup>. This could also help establish brand and also promote auctions of company. Some companies such as Auktionshaus Christoph Gärtner GmbH are on virtually every fair and exhibition, in the case of Christoph Gärtner he is present on all major fairs all over the world. The looks of the exhibition stand is also important, as many smaller competitors don't have professional or interesting design of their stand. Also the employees and materials about the company are important and the employees must have the language and market specific skills and knowledge. This method is expensive as the place on the fair, stand, the travel costs and the employees salary must be taken into account. The Burda Auction was as an exhibitor on Wipa08 in Wien, (Austria) or on Sbëratel in Praha (Czech Republic) and the cost was about 4 000€ per exhibition.
- **Fairs/Exhibitions – Additional advertisements** – There is also possibility and to have additional advertisement shown on the web pages of fairs and exhibitions and in the printed materials that are published before and after fairs. This increase the exposure of the company on that fair, for illustration Auktionshaus Christoph Gärtner GmbH often use this method.
- **Items on portals such as PhilaSearch.com** – These portals are channels that are used as a channel for offering and selling items but also for promotions as the company could reach new customers that not actively search the web for different sources of philately. The main of portal that is used by the German philatelists is the PhilaSearch.com, based data from the question 84 in

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148M. & H. SCHAPER PHILATELIE-VERLAG. Mediadaten. *Deutsche Briefmarken-Zeitung* [online]. 01.01.2012 [cit. 2012-08-26]. Dostupné z: <http://d-b-z.de/web/anzeigenabteilung/mediadaten/>

149MESSE SINDELFINGEN. Intern. Briefmarken-Börsen. *Intern. Briefmarken-Börsen* [online]. 2012 [cit. 2012-06-15]. Dostupné z: [http://www.briefmarken-messe.de/content/html/index\\_e.html](http://www.briefmarken-messe.de/content/html/index_e.html)

Questionnaire II. The cost for a company that wants to show its items in their auction on this portal are in the case of PhilaSearch.com about 0.4€ per item shown on PhilaSearch.com, based on the knowledge of owner of Burda Auction. The server also publish auction results of hosted auctions.

- **Advertisement on portals such as PhilaSearch.com** – There is also possibility to place additional advertisement on these portals, that are often in the banner (image) format on the home page or possibility of higher visibility of published auction. As these sites have more and more traffic (number of visitors) it offer opportunity to acquire new customers. The banner costs 500€ on PhilaSearch.com for tree months, price based from the offer of PhilaSearch.com to Burda Auction.
- **Own internet pages** – The internet pages of auction companies also are their impact on promotion. If their pages are good looking, project a good image, show a brand image and offer information that the possible or current clients want to know, it helps the company to create better image. The company could also offer additional services on its web pages that offer something more to its customers and motivate them to come back. For illustration Burda Auction offer special section for collectors in which they found articles, information about realized prices of items (more than 100 000) or catalogue numbers converter<sup>150</sup>.
- **Internet advertisement** – The company could also advertise more widely on the internet by using systems such as AdWords from Google, that can be used to target specific words to show advertisement in the text or banner format. The price of this method is based on the competition for targeted words and the payment is based on the number of clicks on the advertisement (PPC – Pay Per Click).
- **Advertisement in magazines (not for philatelist)** – The company could also advertise in magazines, that are intended for the general public. This can lead to acquirement of clients that were not on the philatelist market. If it would let to more investor type clients it could have high impact, but from the history of

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150BURDA AUCTION. Collectors section. *Burda Auction* [online]. 2012 [cit. 2012-06-28]. Dostupné z: <http://www.burda-auction.com/en/collectors-section/>



Burda Auction, it mainly increase the number of clients interested in selling their philately collections inherited from previous generations, that often has low value and in the end is not cost-effective.

- **Shop (brick and mortar) or offices** – If the company has shop or offices in good location, it could also help to advertise as it helps the image of the company and build better image.

From the point of promotion, the company should also have corporate image and have guidelines how offices, printed materials, advertisements or website should look. From the analysis of the competition, it was found that only some companies have a true corporate image that they use consistently. Burda Auction have and use logo, colours and the overall looks of advertisements, website, catalogues and even look of offices and bags in accordance with the graphic manual.

The promotion using more costly mass advertisements such as TV spots or billboard is not recommended because the price and because of the size of the philatelist market. The promotion should be done throughout the year with some additional promotion in the time of the auctions of the company to establish higher visibility and get more known.

The company could also use the shipping as additional way of promotions, it could include advertisement items, such as business cards, pens or bags to propagate itself as many customers use these items in their daily life.

### **3.10.5 People**

The employees in the front and back office must have the market specific knowledge to help clients. The employees and the company as a whole also must be discrete and don't reveal client information, as most buyers and suppliers want to be anonymous. This is mainly because of the price that a collection can reach a very high number.

The company and its employees should have also use clothing that inspire confidence from clients. It is also important that employees behave and communicate with clients on the best possible standard as there is limited number of clients on the

market and they often communicate between themselves.

### **3.10.6 Physical evidence**

As the clients often want to view auction items themselves, the facilities of the company should offer to the clients the possibility of comfortable viewing with regard to the specifics of the philatelist market. This means that the clients needs to have available sitting place with table with chair in environment that is quiet, have good lighting conditions (access to additional lamps), and have access to tools such as tweezers, magnifying glasses and uv-test lamps. And as this viewing could take some time the clients should have access to comfortable chairs .

The company should also have available personnel that has knowledge about the sold items to answer possible questions about the items. And also have personnel that will bring and then take away the viewed items as the clients can at one time view only limited number of items because of security reasons. The company should also have monitoring by CCTV to offer better security for items and also for their clients.

Same can be said for the auction rooms, where the clients bid and often sit for many hours. The layout of the offices and auction room, as they have often have more rooms should be easy to navigate and offer orientation signs to ease the navigation.

The facilities themselves should be visually pleasing and present an company image that inspire confidence in the company by clients.

The facilities that store items of clients (suppliers) should be also secured by alarms and have good conditions such as humidity, temperature and also have available vaults for items of higher price.

### **3.10.7 Process**

The policies of the company should be made to promote its good will to customers. For example, the buyers should have access to all legal terms of auctions and if they think or have expertise that the item they bought is forgery the process for them should be easily manageable.

The companies should also made the process that buyers must do to bid in auction as easy as it can get and to get it as least time consuming as it can get. The

company should also streamline and do as fast as it can get the information to clients about the end prices and issue invoices fast to show that company doesn't edit or falsify the results of auctions. The expedition process should be also made as effective as it can get, to get material that clients bought to them as fast as it can get.

The internal processes of companies should get full support from IT systems to eliminate errors, to save time and to get better overview what and when the procedures are done. That said many companies still use only basic support by IT such as spreadsheets. Some auctions don't use computers at the bidding in the auction room. In the case of Burda Auction, the company has intranet system that supports most processes done in the company.

From the point of the customers it is important to inform them about results of their actions and sent them confirmation as fast as possible, for example in the case if they send bid sheets to send them confirmation about receiving as fast as possible. The customers can also offer additional information about items in auction, or about possible forged items, so the company should motivate them to communicate.

### **3.10.8 Summary**

This analysis of German market with philately based on the 7Ps marketing mix identified the important parts of these P, relevant to the market. These identified important points should be taken into consideration in the strategy of entering the German market by Czech company Burda Auction.

### **3.11 *Summary of the problem and current situation analysis***

From all the analyses that were performed to ascertain if it is possible and advisable for Burda Auction to expand into the German market with philately, it was assessed that it is possible to enter the German market with the right strategy.

## **4 Proposals and contribution of suggested solutions**

This chapter contains strategy proposals for expansion strategy of Burda Auction, s.r.o. for entering a German market with philately based on the previous analyses. The proposal use the exchange rate 1 € equal to 25 CZK.

### ***4.1 Acquirement of strategic philatelist material***

Most important is the need to acquire the relevant philatelist items that are currently, or in the time of the strategy implementation, in demand by buyers on the market. The demand for items from some specific area, category or type of philatelist material is not constant and is subject to changes. (Questionnaire I., Question 58)

This means that the company must do a market research before they implement the market entry strategy to acquire the right items that are in demand. It is very important to offer the right items to possible buyers because if the offered items are not interesting for them the company will have low percentage of sold items, low revenue and don't build good brand image.

The company could acquire items by two methods:

1. Buy items from suppliers to stock, this means immediate payment to suppliers for purchased items. This allows newly established or less know company to acquire items that have higher price, are interesting or are unique even though the company it is not well known because the suppliers get their money immediately. The negatives are the lower liquidity as the financial resources of the company are fixed in items on stock and the higher capital requirements for the acquired items.
2. Provide service as intermediary for suppliers to sell their items through auctions of Burda Auction. This require higher level of trust from the suppliers as the suppliers must deliver items that they want to sell to the auctioneer some time before the auction, most often more than 2 months and then wait if the item will sell or not (additional 1-2 months). The supplier if the item is sold will get the final price minus the provision (premium) of auctioneer and the additional fees. The auction method can and often leads to higher income of the suppliers as the price of their items increases. For auctioneer this method associated with low

cost, such as insurance costs, securing and storing costs.

For Burda Auction, the most usable strategy to acquire the needed items is to use both of these methods. The Burda Auction doesn't have available a high level of free capital that it can use to buy items and doesn't have easy access to enough capital from outside company, for example from banks or investors. The management of Burda Auction also prefer the the intermediary method as it is more safe for the company. This means that the company should use primarily the intermediary method and only buy outright selected items which have high chance to sell.

The company should also stimulate the interest of suppliers by lower provision rate (premium) as it is doing for clients in Czech Republic, this means that important clients that sell through one auction more than 10 000 €, pay less on provisions to auctioneer. Also for some selected categories of items, the company should offer lower provision rate.

The company should have a available financial resources in the area 160 000 € per year, that it could use to buy material from suppliers or can pay a supplier that use the company as intermediary some money ahead to acquire his items. This capital is required initially as the material is sold the fixed capital is returned and then again used. These requirements are based on the resources used by Burda Auction in Czech Republic and are proposed higher than lower, to offer higher chance for material acquirement.

This strategy proposal, because of the limitations of this work, presume that the company could find the required number of relevant items and then offer them on the sale in their public auctions.

#### ***4.2 Auction strategy for German market***

The Burda Auction use primarily public and mail auctions as the medium which they sell items to buyers. The for expansion into Germany the company will use the public auctions as the main method as it is the main method used on the market with philately.

The Burda Auction should, if they use this proposal, host three public auctions

per year. These auctions should be targeted to German market and should have about 3 200 items. These auctions would be two day auctions and would be in Czech Republic or Germany, based on the selected market entry strategy.

Doing three auctions more per year will require to write description, make photos and do many others administrative tasks for higher number of auction items. Because of this the Burda Auction would need to employ one two employees that will write the descriptions of lots in German language. These employees would be based in the offices of Burda Auction in Praha or Brno in Czech Republic. The workspace and technical requirements are already available in the offices. Because of this the cost for Burda Auction would be about 35 000 CZK per person per month, that is about 2 800 € per month for two employees, based on current cost for similar employees in the Burda Auction. The administrative and additional work required can be done by the current staff at the Burda Auction without additional costs.

The printing of auction catalogues would be also done in Czech Republic by the current printing house and would cost, by the comparison with similar Burda Auction catalogue (in colour, number of items, number of printed catalogues), 200 000 CZK per one catalogue. 2 200 catalogues will be printed and will be in full colour. Three catalogues would cost the Burda Auction company 600 000 CZK (24 000 €). The cost of distribution of catalogue would will be specified in each proposed market entry strategy. Unused catalogues can be used as promotion material.

The printed auction catalogue must be in German language and also the website of the company must be fully translated into German language, as the company would and have German speaking employees and the needed programming work be minimal the cost is negligible in comparison with other costs.

The possible buyers would be acquired by the advertisements, from the database of clients from Germany that Burda Auction currently has and by using PhilaSearch.com as is proposed in the marketing strategy.

#### ***4.3 Market entry strategy A - Direct export***

This strategy will use a direct export entry mode into the German market as it was identified as one of possible entry modes in the analysis part of this work. The

Burda Auction, s.r.o. would be operating on the philatelist market under the same name as in Czech Republic.

The Burda Auction, should use its already established expedition procedures, processes, workforce and allocated space in the company's headquarters that are in Brno (Czech Republic). Current IT systems in use by Burda Auction, support the expedition processes and allow fast expedition with minimal errors. The expedition station is equipped with computer that show the invoices, allow printing of tickets with addresses of recipients and many additional materials, that are printed based on the size, price or type of the outbound items. The company has also available technical resources and space needed for additional employees so it would not mean any additional costs.

The company should use the least expensive delivery service that fulfill the set requirements, such as the quality of service, insurance in the required prices. The preferable companies are the Česká Pošta, a.s. (Czech national postal operator) for items under 1kg<sup>151</sup> and for items over 1kg PPL CZ s.r.o. because of the better price<sup>152</sup>. The shipping company PPL CZ, also offer better prices for shipping if the company use their service more and this should in future decrease the price of shipping.

The company should open an bank account in German bank, to make it easier for German clients to pay, as the international payment is possible but for some clients presents problem, the cost is included in additional costs.

As the company has currently only one person that can speak German language it would need to search for a new employee that would facilitate the communication with German customers to ensure that there would be always somebody available for German customers, the monthly costs for this employee would be in the area of 25 000 CZK in national currency, and about 1 000€ per month (exchange rate €/CZK 25).

Because the company is not based in Germany, the company if it will use this strategy, will have harder time to establish itself as a strong competitor and create high level of credibility and trust. For buyers it means a higher total price as the shipping is

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151 ČESKÁ POŠTA. Kalkulátor zásilky. *Česká pošta s.p.* [online]. 2012 [cit. 2012-08-16]. Dostupné z: [http://kzas.ceskaposta.cz/eep\\_zkal/CountProduct.action#produkty](http://kzas.ceskaposta.cz/eep_zkal/CountProduct.action#produkty)

152 PPL CZ. PPL Export Německo. *PPL - Professional Parcel Logistic* [online]. 2012 [cit. 2012-08-16]. Dostupné z: [http://ppl.cz/main.aspx?cls=art&tre\\_id=67&art\\_id=224#null](http://ppl.cz/main.aspx?cls=art&tre_id=67&art_id=224#null)

considerably higher than price of shipping inside Germany.

Also the shipping costs for company to send 2 200 catalogues would be about 8 800 € (100 CZK per catalogue).

This strategy should use extensively all methods for its propagation, to make itself know and visible to help establish trust from customers.

The final bidding would be two day and the auction room would be in Praha, Czech Republic, the cost of refreshments for clients and the rent of hall would is about 70 000 CZK (2 800€) and the additional personnel, travel and accommodation cost is additional 20 000 CZK (800€). This in total is 10 800 € per year for three auctions.

There would be also some additional costs such as the cost of finding new employees, management costs associated with this market entry mode, that could be about 800 €.

The positive part of this strategy for the Burda Auction is the lower capital requirements for this mode of entry and lower risk.

#### ***4.4 Market entry strategy B - Acquirement of existing company***

This possible strategy will require the acquirement of an existing German company that operate on the philatelist market.

The financial cost of buying an existing company, cannot be precisely evaluated. We could assume it could be estimated at the amount calculated from revenues multiplied by ten. From the Questionnaire II. (Question 85) the price of company can be, by the estimation by respondents, as following:

- Small company, 200 000 €
- Firm of the size Welt - Phila GmbH, 1 000 000 €
- Firm of size Heinrich Köhler Auktionshaus GmbH und Co. KG, 30 000 000 €

For this strategy to be successful the Burda Auction company would need to buy a company that is established on the market and has good image and brand name or history. If the company was small or not known, the effects would not be as high and the



investment would not have the desired effect. So for this proposal the cost of the relevant company should be about 800 000 € as for this price the company should be the right size.

The Burda Auction would use this newly acquired company as a front and brand to offer items on the German market and therefore should get higher level of trust. In the long term the Burda Auction would slowly introduce the parent company Burda Auction, so it could establish as itself on the long term. Parent company Burda Auction should also manage and do functions, such as writing lots, creating photo documentation or bookkeeping, managed by headquarters in Czech Republic to keep the personnel cost down. The IT support systems of the Burda Auction, that are currently used and are in Czech language, should be also used for the acquired company and must be translated to German language, this would cost about 2 400 €.

The company would need to search for employees, if the acquired company didn't have them, that need provide the basic services in Germany. These services at the most minimal option should provide advice and estimates of philatelist items, therefore they need to have the required knowledge. At the start it would only require one employee. The process of acquirement the company should take at least one month.

The cost of this strategy would be the price of acquisition and actions that are needed in the acquisition process, the rent of office space and cost of services and the salaries of employees. The cost of services, lease of offices and cost of one employee will be in this strategy proposal the same price as is estimated in market entry strategy C. The office equipment and the technical resources should be available from the acquired company.

Also the company could have employees or there will be need to search for employees, for comparison and as this cannot be currently predicted, this strategy will use the same costs for employees as the market entry strategy C as there is need only for one employee in the German office for start.

The final bidding done in auction rooms could cost in total about 3 times more in Germany than in the Czech Republic. By the cost for Czech Republic as specified in the 4.3 Market entry strategy A - Direct export, the cost of the room bidding would be 32 400 € per year for three auctions.

Also the shipping costs for company to send 2 200 catalogues would be about 6 000 € per auction. That is 18 000 € per year for three auctions.

The advertisement for this company could not be as expensive as in the other two proposed market entry strategies, as this company is already known in the marketplace. To compare with the other proposed strategies, the advertisement cost for this market entry method proposed in marketing strategy will be lowered by 15%.

There would be also some additional costs such as the cost of finding new employees, management costs and travel costs associated with this market entry mode, that could be about 1 600 €. The cost of security equipment such as CCTV cameras and alarms would be about 800 € as the acquired company should have some basic security measures implemented and the cost will be included in the additional costs.

This strategy has high level of capital investment requirements and is therefore associated with higher risk if it would not resulted in the anticipated positive effects.

#### ***4.5 Market entry strategy C - Setting up a new company***

The third possible market entry strategy can be the creation of new company in Germany.

The process of setting up a new company (GmbH) would take as was found in the PESTEL analysis the time to required would be about two weeks and the cost would be under 2 000 €. By the German law, the company must also deposit the minimum share capital 25 000 €<sup>153</sup>. The newly established company would have name Burda Auction GmbH and publish action catalogues under this name.

The company would need to lease offices and search for suitable employees with the needed knowledge. At the start it would only require one employee. The offices space required would be about 50m<sup>2</sup> this would translate, if we take as price from a better area in Berlin that is 17.96 EUR/m<sup>2</sup><sup>154</sup>, to 898 € monthly, the basic services

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153CHAMBER OF INDUSTRY AND COMMERCE OF THE STUTTGART REGION. GmbH and UG (haftungsbeschränkt) – Information on their Foundation. *IHK Region Stuttgart* [online]. 2012 [cit. 2012-08-16]. Dostupné z: [http://www.stuttgart.ihk24.de/english/fairplay/Company\\_Law/959410/GmbH\\_and\\_UG\\_haftungsbeschränkt\\_Information\\_on\\_their\\_Foundati.html;jsessionid=D432D3F04332A4F536BA16775F4579C3.rpl1](http://www.stuttgart.ihk24.de/english/fairplay/Company_Law/959410/GmbH_and_UG_haftungsbeschränkt_Information_on_their_Foundati.html;jsessionid=D432D3F04332A4F536BA16775F4579C3.rpl1)

154CATELLA CORPORATE FINANCE. Catella office market report for Berlin 1st half of 2007. *Catella Corporate Finance AS* [online]. 02.07.2007 [cit. 2012-08-16]. Dostupné z: <http://www.catella.no/no/external.aspx?id=2337&country=4>

included as heating and water<sup>155</sup>. The office space would be representative and would offer the space for expansion and space for storage of items. The additional services as internet and telephone would cost about 100 € per month. The total price of the offices and services is therefore about 1 000 € per month.

There would be also need for equipment for new offices, this include the safe box, technical resources such as computers, shelving units for items and the office equipment. This would cost about 15 000 €, based on the price of relevant equipment of Czech office of Burda Auction, this cost will be added to initial cost.

The employees wage would be about 4 000 € per month (based on the comparison wit salary in other jobs<sup>156157</sup>), as the employee must have the needed specialist knowledge and will manage the office. The total cost for the company, including health insurance, pensions, administrative and other costs would be about 5 000 € per month.

The company would need time to set up the company, find offices, furnish offices and search for employees. This process could take about two months.

The IT support system of the Burda Auction, that are currently used and are in Czech language, should be also used for the new company and must be translated to German language, this would cost about 2 400 €.

The bidding in the room auction would be the same as for the proposed market entry strategy B and would cost about the same. Also the shipping costs for company to send 2 200 catalogues would be about 6 000 € per auction. That is 18 000 € per year.

The company would need to invest into advertisement, as will be specified in following parts of strategy proposals to establish its brand and made itself known.

There would be also some additional costs such as the cost of finding new employees, management costs and travel costs associated with this market entry mode, that could be about 2 000 €. The cost of security equipment such as CCTV cameras and

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155QUORA. How much does office space cost in Berlin, Germany?. *Quora* [online]. 2012 [cit. 2012-08-16]. Dostupné z: <http://www.quora.com/How-much-does-office-space-cost-in-Berlin-Germany>

156PAYSCALE. Salary for Country: Germany. *PayScale* [online]. 2012 [cit. 2012-08-14]. Dostupné z: <http://www.payscale.com/research/DE/Country=Germany/Salary>

157WORLDSALARIES.ORG. Germany Average Salaries & Expenditures. *International Average Salary Income Database* [online]. 2007-2008 [cit. 2012-08-14]. Dostupné z: <http://www.worldsalaries.org/germany.shtml>

alarms would be about 1 600 € and the cost will be included in the additional costs.

This strategy would require time to take full effect as the new company would need to establish the trust of clients and build good name in the market. The risk associated with this strategy is high as the cost are high and there isn't any previous company that tried expansion this way.

#### ***4.6 Proposed market entry strategies – summary and comparison***

The three proposed market entry strategies have each some positive and negative sides. For better overview of selected differences the following table is presented. The comparison on the basis of required capital and costs is in the chapter 4.8 Strategy proposals comparison by capital requirements.

	<b>Strategy A Direct export</b>	<b>Strategy B Acquire company</b>	<b>Strategy C Set up company</b>
Time required to start	Immediately	1 month	2 months
Risk	Low	Very high	High
Brand name	Not well known	Known	Not known
Level of needed advertisement	High	Middle	High

*Table 13: Proposed market entry strategies – summary and comparison (Source: Author)*

The Burda Auction company has three choices presented for the market entry and could select the most suitable method for them in the time they will want to enter the German market. These proposed market entry strategies are part of the overall proposal for expansion into Germany.

#### ***4.7 Marketing strategy***

This proposed marketing strategy for expansion of Burda Auction into Germany would be used in addition to selected market entry strategy. Because there are three proposed market entry strategies, it will be taken into account into the marketing strategy and the differences will be explained.

This marketing strategy plan be aggressive as the company is entering a new market and must invest into its products, brand and advertisement to establish itself on the German philatelist market.

#### **4.7.1 Product**

The product, that is the philatelic items that are sold by Burda Auction and their importance and specifics with the relevance for this strategy plan is explained in chapter 4.1 Acquirement of strategic philatelist material.

The Burda Auction should also publish auction catalogues that will only include philatelic items that are relevant to the German market. This catalogue would be published under the name of Burda Auction, if the the company will use the proposed market entry strategy A. If the company will use the market entry strategy B or C, it would be published under the name of the German company.

The catalogue and each item and its description must be in German language and use the relevant categorization, for example the Michel catalogue numbers. This must be done in the best standard possible to inspire buyers confidence. Also the prices used and the bid increments must be in Euros. The catalogue should be printed in high quality on good paper and in colour with images included in the text, this would differentiate the catalogue as the competitors often doesn't have very good catalogues.

The company must also completely translate its website to German language and the printed materials that are sent to customers, such as invoices or bid sheets must be also available fully in the German language.

#### **4.7.2 Place**

If the Burda Auction set up a new company in Germany, by the relevant market entry mode, the offices should be in better part of a city and the offices should look representative and offer the space to grow (as is specified in the market entry mode).

The offices must be comfortable for clients as if they view the auction items, it will take them some time. The offices must have the conditions and tools available as will be specified in 4.7.6 Physical evidence.

The auction room, where the final part of public auction is done, must be in

premises that are representative and inspire confidence in the company. The auction room should be in walking distance of the office of the company. The personnel needed in the auction room must know German language and must wear representative clothing. The employees that need to have good language skills are the following: clerk, auctioneer and viewing assistant. The technical support could have only basic knowledge.

If the company use the market entry mode B or C, the company would need to look for location of auction room in Germany and would need use staff from Germany, staff from Czech Republic speaking in Germany and the technical support from Czech Republic to manage the technical aspects. The additional employees needed would need to be temp based local residents. The employee requirements would be 5 fluent speaking employees and 2 supporting employees that don't need to speak German.

The company also has translate all of its website to German language and have domain name (URL, address of website) with top level national ending .de. This is important, as the company website is one of the most important places that customers visit. The company must have all its items in auctions fully shown in the auction catalogue on their web in high quality and to show the important details of the items, as is currently done for their auctions. The company must also have a telephone number for clients from Germany that will be answered only by employees that speak German.

If the company set up new company in Germany or buy a existing company, it must be created or updated on the basis of the guidelines specified in this strategy and use the already developed systems for Burda Auction.

The company is also very visible on the fairs and exhibitions, where the company personnel communicate with possible or current clients. The most important is to have a staff available, that can fluently speak and can therefore communicate easily and professionally with clients to represent the company. The guidelines will be set in the following chapters of marketing strategy.

### 4.7.3 Price

The price of items is set by the market, as interested clients place bids and increase price until only one bidder is willing to pay the final price (hammer price). The starting price is set by the supplier or by the auctioneer as was explained in the analysis part of this work.

Therefore as the Burda Auction can set the percentage (premium) and the additional provisions that clients pay for their bought items to auctioneer, the Burda Auction should keep the low premium at the current 13% as this is low in the comparison with competitors and should not have any additional provisions per items. This should help the sales as the clients save money. Also the Value Added Tax is legally applicable to premiums and additional provisions and this cannot be changed by Burda Auction. In Czech republic the premiums are taxed by 20% and in Germany by 7%, this if the company use the market entry strategy A is increasing final price for German buyers but the used low premium rate should partly negate this cost.

The price that clients pay also include the shipping costs that are calculated on the real cost of each order. This real costs are fair as the sizes, price and weight of different orders can be very different and the flat shipping rate that some companies use would not be fair to clients. That said two of the proposed market entry strategies, precisely the B and C, would lower the price of shipping as the company would ship items nationally. This would be strategically better as it would help to offer shipping prices same as competitors on the German market. In the case of direct shipping the cost are higher and the company should try to lower price with the shipping companies as is proposed in the chapter 4.3 Market entry strategy A - Direct export.

The company also must set up and account in German bank to offer its clients easier transfers of money without any addition costs. This would offer clients easier way to pay. The price for Burda Auction would be minimal.

The Burda Auction should also offer a lower rate of provisions from its suppliers if they use Burda Auction as intermediary to motivate the suppliers to provide interesting material and also stimulate them to offer lower starting price that can made the item more interesting for possible buyers as it currently does in Czech Republic.

#### 4.7.4 Promotion

The Burda Auction company must use their company brand manual and use the brand elements as is specified in all of their advertisement effort. Also included should be the offices of the company or the auction rooms.

If the newly established company or acquired company, if the relevant market entry strategy was used, doesn't have a company brand manual the Burda Auction must design and develop the branding. The Burda Auction has in-house employee that has the required skills and skills to develop a brand image and create a complete brand manual.

The Burda Auction should use different methods of promotion as will be proposed as will the company resources allow. The primary and most important methods of promotion are proposed the following:

- **Auction catalogues** – The published auction catalogues should be available free to all clients that show interest. This will help to create better image of a company and it is also sales channel. This catalogue should be in German language with relevant items on sale. The price is included in 4.2 Auction strategy for German market .
- **Advertisement in magazines about philately** – The Burda Auction should have full page advertisements in magazines, primarily in the main magazine *Deutsche Briefmarken-Zeitung (DBZ)*. This would help to introduce the company onto the market and should attract more clients. This advertisement cost in DBZ is about 2 230 €<sup>158</sup> for full-page advertisement and 670 € for ¼-page advertisement. The Burda Auction should have 4 full-page advertisements and 22 ¼-page advertisements per year. The total cost would for DBZ be 23 660 €. The company should also have additional 8 000 € for advertisement in other magazines about philately. This would put the total cost to 31 660 €.
- **Fairs and exhibitions (stand)** – The Burda Auction should be on all major philatelist fairs and exhibitions that are organized in Germany and Austria. The employees on place must be fluent speakers and have the required knowledge. The exhibition stand should be a fully branded and the company should use a

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158M. & H. SCHAPER PHILATELIE-VERLAG. Mediadaten. *Deutsche Briefmarken-Zeitung* [online]. 01.01.2012 [cit. 2012-08-26]. Dostupné z: <http://d-b-z.de/web/anzeigenabteilung/mediadaten/>



own stand with interesting configuration to interest visitors of the fair. The company already own branded modular stand and would only require new graphic covering with text in German language. This would cost about 500 €. The company would also have to pay salary, accommodation and transport cost and the payment for allocated space to the organizer of exhibition or fair. This could be about 4 000 €,based on the cost of fair Wipa08 (Austria) where Burda Auction exhibited, per one fair or exhibition, based on the costs of fairs where Burda Auction exhibited before. For calculation cost, we would assume that there would be 6 relevant fairs and exhibitions per year in total and they would amount to total cost of 24 000 €.

- **Items on PhilaSearch.com** – The company must have its auctions that are targeted to German clients on the portal PhilaSearch.com. The cost for one item is 0.4 € and if the auction catalogue offer 3 200 items in auction it would cost 1 280 € per one auction. This is important for promotion as this portal is used by German clients and is also important as it is a sales channel.
- **Own internet pages** – The company should translate its current web pages into German language. If the strategy used would be setting up a new company or buying existing company, the company would use its current systems. Cost for these changes are included in the previous part of strategy. The company should also offer its German clients full access to archive of as many auction catalogues of the Burda Auction company to show the history of the company. The web pages should also offer additional information for collectors such as expert articles and the additional tools in German language that it is currently offering to mainly Czech customers as this would increase the level of trust, show that the company has good knowledge and is giving the market something back.
- **Internet advertisement** – The company should use the Google AdWords platform for PPC advertisement on German market as it offers price flexibility and if it is targeted by the right keywords it can bring in new clients to the company web pages. The Burda Auction outsource internet services and the setting and monitoring would not increase the current price. The limit of money spent on advertisement by PCC should be about 1 000 € per month. If the

company doesn't use all money allocated for internet advertisement, it can transfer these money to the additional advertisement on PhilaSearch.com.

- **Shop or Offices** – The company should also have offices in good area to interest possible clients. This is influenced by the selected market entry strategy as is specified for each of these strategies.
- **Branded items** – The company should have bags, tweezers and packing material branded with company logo or company name. It would, if the selected market entry would be by acquiring a company or starting up a new company, cost about 1 000 € per year, based on the current cost for Burda Auction.

If the company had higher than assumed budget for promotion, it could use the following methods. But for this proposed strategy, the following methods will not be taken into account.

- Additional advertisement on PhilaSearch.com – Would increase the exposure of the company on the home page. The cost would be about 500 € for tree month, based on the price offered to Burda Auction.
- Advertisement in literature about philately – This could offer high exposure, if the advertisement would be in the Michel catalogue that philatelist buy and then use for long time. The cost are variable.
- Fairs and exhibitions – The company could buy additional advertisements on the web site of the fair or exhibition.

#### **4.7.5 Participants**

The employees that the company must acquire, based on the selected market entry strategy, must be screened for their motivation as the company needs to employ people that want to be with the company for a long time as the new employees need to get training and gain specific market knowledge about the market with philately.

The employees that communicate with clients must have a good language skills and must be clothes in such way that project a professional image.

The costs associated with employees are calculated in different parts of proposed

strategies.

The clients must be offered the highest level of service that is possible as was identified in analysis and proposed in this expansion strategy as the clients, both buyers and suppliers are vital for the company to function.

#### **4.7.6 Physical evidence**

If the company use the proposed market entry strategy B or C it must upgrade the acquired company offices or must equip the area in new office where the clients view the auction items with good seating and provide area where it is quiet is good visibility and clients have access to tools such as tweezers, magnifying glasses and uv-test lamps.

The offices must have a safe box and a dedicate storage area with the conditions that are suitable for storing philatelic material. The offices must also have CCTV with recording and alarm system. The company office in Czech Republic already have all of this.

The company should also also have orientation signs placed at relevant points to ease the navigation of clients when they want to visit the offices or the auction room.

The offices, auction room, the catalogue, other printed materials, advertisements and any other outputs of the company must be done with regards to the design manual and branding of the company. The requirements and specifications of auction catalogue are also included in chapters 4.7.1 Product and 4.7.4 Promotion.

The company should also have bags, tweezers branded with company logo and name as per specification in brand image manual and all of these must be of a high quality.

#### **4.7.7 Process**

If the company use the market entry strategy A and therefore use the direct export mode, it would use the same procedures and processes that the Burda Auction currently use. The only change would be the inclusion of additional German speaking employees that would serve primarily customers from Germany.

If Burda Auction use the proposed market entry strategies B or C , the company

should use as a template for the procedures and processes how are set and done currently in Burda Auction. The Burda Auction has a computer system, intranet, that support almost all of the internal and even external processes. The cost of IT adaptation is included in the market entry strategy.

The Burda Auction must also optimize use its internal processes in a way that helps to facilitate faster expedition and delivery of items to buyers. Also it must publish information about the bidding and the final results and invoices as fast as possible. For the invoices it should be done in hours to promote company transparency and inspire trust in the company.

As the Burda Auction has good information system that helps the company increase their productivity, it can be competitive advantage.

#### ***4.8 Strategy proposals comparison by capital requirements***

The proposed market entry strategies A, B and C have each different pros and cons. They also differ in the capital requirements for the first and the following years.

The following Table 14 show the total cost for each market entry strategy and include the costs from other strategies used in the expansion plan. First year include the initial costs. Calculations don't take into account external factors such as inflation or situation on the market that would change the costs in time because of the constraints of this work. Therefore the cost for following years is fixed and the cost is then used for additional calculations.

There would be also costs associated with the capital that would be used and invested into the market entry as the capital required can be quite high. As Burda Auction, generates profit and could use many different methods of acquiring the needed capital at different conditions and costs, in this work it is not taken into account.

As the following Table 14 show the capital requirements of proposed expansion strategies, we can see that the market entry strategy B would require the highest level of financial resources. The market entry strategy A that use direct export would be the least expensive.

	<b>Market entry Strategy A <i>Direct export</i></b>	<b>Market entry Strategy B <i>Acquired company</i></b>	<b>Market entry Strategy C <i>Set up company</i></b>
<b>Acquirement of material strategy – initial costs</b>			
Capital requirement	160000		
<b>Auction catalogues strategy – per year</b>			
Employee cost (writers)	33600		
Printing	16000		
<b>Market entry strategy – initial costs (once incurred)</b>			
Cost initial (acquirement)	0	800 000	42 000
Internal IT services translation	0	2 400	2 400
Miscellaneous (additional)	800	2 400	3 600
<b>Market entry strategy – per year</b>			
Employee	12 000	60 000	60 000
Shipping of catalogues	26 400	18 000	18 000
Office lease + services	0	12 000	12 000
Auction room costs	10 800	32 400	32 400
<b>Advertisement – per year</b>			
Magazines	31 660		
Fairs & Exhibitions (stands)	24 000		
PhilaSearch.com – Items	2 560		
Internet advertisement	12 000		
Branded items	1 000		
Advertisement deduction	0	10 683	0
<b>Totals</b>			
<b>Total cost first year</b>	330 820	1 197 337	451 220
<b>Total cost following years</b>	170 020	232 537	243 220

Table 14: Capital requirements and costs of proposed strategies (Source: Author)

#### ***4.9 Return on investment for proposed strategies***

The return on investment cannot be easily calculated as the revenue gained by using the proposed strategies is generated primarily from provisions (premium) generated from the final price of sold items that were offered in each auction. The provisions are paid to auctioneer by both buyer and seller (auctioneer act as a intermediary).

The company could gain additional revenue from items that would be purchased from suppliers and the company would get income from the total final price of that item if the item would be sold not only from provisions. But as this cannot be adequately simulated, it will not be taken into account in the following calculations.

For the sake of this work we can say that the percentage of sold items in the auctions targeted on German market would be the same as the average for the analysed competitors, that is 45%. This percentage is based on the wide spectrum of items sold by analysed competitors that sell different types of philately and should be relevant to use for following calculations.

If we take into account that the proposed strategy plan 3 200 items in auction and three auctions per year, the company would offer 9 600 items per year. This would mean that the Burda Auction would sell 4 320 items per year.

If we would take the data from Table 10 Selected competitors auction statistics (Source: Author) and use the data for these 8 companies (Jürgen Götz e.K. Internationales Auktionshaus is excluded as the average of sold items per auction is not known) as the basis for calculation we could calculate the average cost of sold items in competitors auctions that operate on German market.

$$\begin{aligned} \text{PS} &= \frac{(\text{avg cost of items sold for per auction of competitors})}{\left(\left(\frac{\text{total items on sale per year of competitors}}{\text{total number of auctions of competitors}}\right) * (\text{avg. percentage sold for comp.})\right)} \\ &= \frac{1\,809\,250}{\frac{261\,609}{34,06} * 0,4494} = \frac{1\,809\,250}{7681 * 0,4494} = \frac{1\,809\,250}{3452} = 524 \text{ €} \end{aligned}$$

This calculation shown that in analysed auctions of competitors, the average price of sold item (PS) was 524 €. But as the company will be new on the market it is probable that it will offer items with lower price (suppliers don't offer higher priced items and the company doesn't have enough capital to buy items) because of this the proposed market entry strategies have each a different average price of sold items as the suppliers would give higher priced items to sell through to better known and already established company.

If the company would take provision 13% from buyers and 10% on average suppliers (that sell through auctioneer as intermediary) the generated income from 23% provision is shown in the following Table 15. The provisions are based on the premiums used by Burda Auction for its current auctions and the proposed provisions in proposed strategies.

In the following Table 15, the income per year for each proposed strategy is calculated, we can see the difference the average price of sold items make in the total income generated per year. The average price of sold items was chosen on the basis on the previous analyses of the market and on the basis of knowledge of the market gained by author from working for Burda Auction. The market entry strategy C has higher average price of sold items that the market entry strategy A, based on premise that the German company would faster gain good position on the market.

	<b>Market entry Strategy A <i>Direct export</i></b>	<b>Market entry Strategy B <i>Acquired company</i></b>	<b>Market entry Strategy C <i>Set up company</i></b>
<b>Items sold per year</b>	4 320	4 320	4 320
<b>Average price of sold items</b>	250	350	270
<b>Income per year</b>	248 400	347 760	268 272

Table 15: Generated income by strategy (Source: Author)

There is a probability, that as the company would become known on the market, the suppliers would supply more interesting and more expensive items and the buyers would have higher confidence in the company that would allow them to buy more

expensive items. Also the company would probably increase its size if it would become successful increased the number of offered items or number of auctions per year. For this simulation of cumulative profit it will not be taken into account, as these changes cannot be reliably simulated because of the type and complexity of the market.

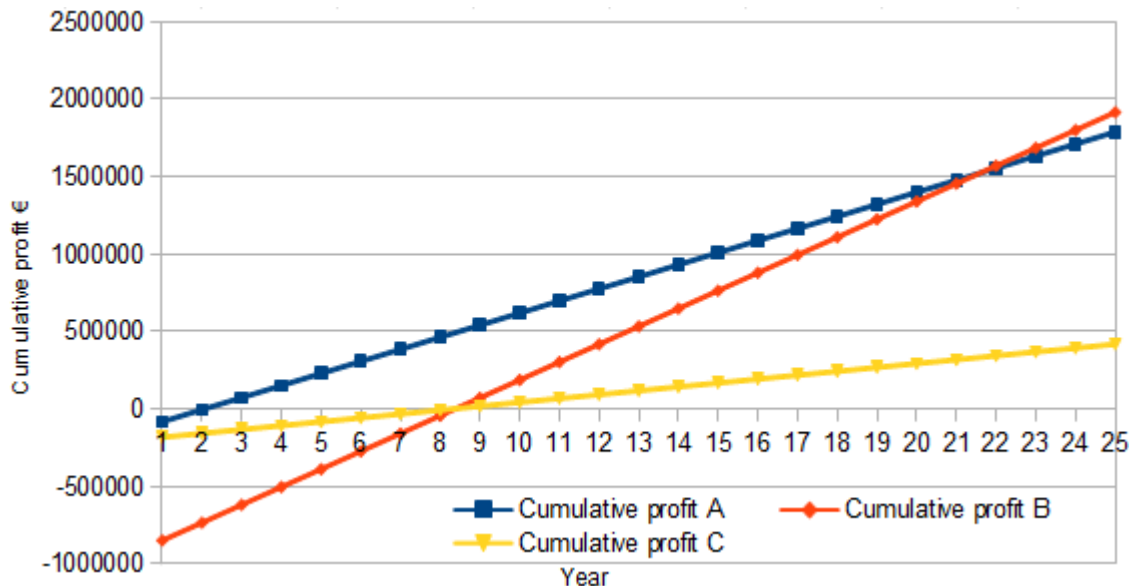


Chart 1: Cumulative profit per strategy (Source: Author)

The chart above is showing the cumulative profit for each proposed market entry strategy based on previously calculated cost and income levels. The market entry strategy A would have return on investment at the beginning of the third year, the strategy B would return on investment in the year nine and overtake strategy A in total cumulative profit in the year 22. And the last strategy C would be in cumulative profit in year nine.

It must be also said that these returns are only illustrative as the real situation on the market change due to many reasons and as the main product that the company offer to its customers, that is philately through bidding in public auction is specific and cannot be as easily quantified.

There is also a possibility that must be taken into consideration, that if the company become established on the market the percentage of sold items or the average price of sold items would increase and therefore the profit would increase and the return on investment would be earlier.



## 5 Conclusions

As the Burda Auction is already established on the Czech market with philately and the market is not expanding the only way to expand its customers base is to find new markets to expand. One of these markets can be the German market, but as the market is bigger than the home market and there are many risks associated with entering a new market the analysis of the possibility and feasibility must be done.

The analyses done in this work were based on the theoretical models introduced in the theoretical part. The PESTEL analysis of macro-environment of Germany, SWOT analysis of Burda Auction, Five Forces analysis of German market, the competitor analysis of selected German companies, the market entry mode analysis and the marketing mix analysis were done and all supported the possibility of market entry of Burda Auction into German market.

By the knowledge of author and by the knowledge of respondents of questionnaires, there aren't any known research about the German philatelist market and the competition on the market available. The analyses done found some interesting facts and the data that were gained by research are interesting for them as they are based on more solid research and offer new insights into the market even for experts in this area.

On the basis of the performed analyses, the proposals for expansion strategy were developed. This work proposes three market entry modes, that were relevant based on the analysis of market entry modes, the Burda Auction company can use. These three market entry strategies are supported by the strategy for acquisition of philatelist material, the auction strategy and the marketing strategy.

The acquisition of strategic philatelist material propose to use both methods to acquire relevant material, buying from suppliers and be an intermediary for suppliers. It also proposes level of resources that the company needs to have available for acquisition.

The auction strategy for German market propose to do three auctions specifically targeted to German buyers with 3 200 auction items per auction and the requirements that the auctions must fulfil. The strategy also calculate the cost of printing and cost for the additional employees needed.

The market entry strategy A proposes to use direct export from Czech republic to German clients, it also identifies the costs of this market entry. This proposed market strategy is the least expensive per year and also require least initial capital.

The market entry strategy B proposes to acquire an existing German company that would be already established on the market and use it as a front to operate on the German market. This method is the most expensive with the highest level of initial capital investment.

The market entry strategy C proposes to set up company in Germany, that would be used to sell the material to German customers. This strategy is the somewhere in the middle between the strategy A and B.

The marketing strategy proposes how to market the company to its clients to be positively received and to build a brand image and brand name that helps to establish the company (based on the selected market entry strategy) on the market. The promotion methods and the cost for each methods are also estimated.

From the capital requirements of proposed strategies for the first and the following years the return on investment is calculated, by the comparison of competitors percentage of sold items and the average price. The most income generated per year would be with the use of market entry strategy B and the least from the market entry strategy A.

It was calculated that the cumulative profit would be in the positive numbers for market entry strategy A at the beginning of the third year, for market entry strategy B it would be the ninth year and for market entry strategy C also in the ninth year. Therefore all proposed market entry strategies are possible for the expansion of Burda Auction even if they are long-term.

The proposed strategies and the overall strategic plan propose to the Burda Auction the plan for expansion into the German market with philately. Therefore the aim of this work was met.

And even if the Burda Auction don't enter the German market with one of the proposed market entry strategies, this work provide the company with better insight into the German market that the company can use in its future.

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## Appendix 1. Statistics of analysed companies

### Auktionshaus Christoph Gärtner GmbH

Auction	Year	Items on sale	Items sold	Sold %	Sold in €
1	2006	5620			
2	2006	6868			
<b>Sum</b>	<b>2006</b>	<b>12488</b>			
3	2007	10666			
4	2007	16032			
5	2007	12226			
<b>Sum</b>	<b>2007</b>	<b>38924</b>			
6	2008	14419			
7	2008	10953			
8	2008	12594			
<b>Sum</b>	<b>2008</b>	<b>37966</b>			
9	2009	11192			
10	2009	13185			
11	2009	15956			
12	2009	15766			
<b>Sum</b>	<b>2009</b>	<b>56099</b>			
13	2010	15791			
14	2010	25344			
15	2010	16247			
16	2010	17050			
<b>Sum</b>	<b>2010</b>	<b>74432</b>			
17	2011	24173			
18	2011	18453			
19	2011	21158			
20	2011	18012	5945	33,01	3664980
<b>Sum</b>	<b>2011</b>	<b>81796</b>			
21	2012	21773	7759	35,64	5442239
22	2012	21687	7898	36,42	4588320

Source: Author,

Data from:

- <http://www.auktionen-gaertner.de/WWW/PHILNET/GAERTNER/GPHOME.NSF/%28HTML%29/Start-E?OpenDocument>
- [http://www.philasearch.com/en/ha\\_9081/Auktionshaus+Christoph+G%E4rtner.html](http://www.philasearch.com/en/ha_9081/Auktionshaus+Christoph+G%E4rtner.html)



## Auktionshaus Veuskens

Auction	Year	Items on sale	Items sold	Sold %	Sold €
78	2012	6479			
77	2012	7429	3206	43,155203	678067
76	2012	6009	3239	53,90248	638359
<b>Sum</b>		<b>19917</b>			
75	2011	9028	3884	43,02171	858271
74	2011	7850	3377	43,019108	608299
73	2011	359			
72	2011	5935			
71	2011	6706			
<b>Sum</b>		<b>29878</b>			
70	2010	6630			
69	2010	9897			
68	2010	7965			
67	2010	7787			
<b>Sum</b>		<b>32279</b>			
66	2009	8244			
65	2009	8424			
64	2009	8944			
63	2009	9921			
<b>Sum</b>		<b>35533</b>			
62	2008	7767			
61	2008	7662			
60	2008	6993			
59	2008	7135			
<b>Sum</b>		<b>29557</b>			
58	2007	8606			
57	2007	6847			
56	2007	7690			
55	2007	8877			
<b>Sum</b>		<b>32020</b>			
54	2006	8527			
53	2006	7659			
52	2006	8423			
<b>Sum</b>		<b>24609</b>			
51	2005	7574			
50	2005	8239			
49	2005	6602			
<b>Sum</b>		<b>22415</b>			
48	2004	8322			
47	2004	7370			
46	2004	6935			
45	2004	6323			
<b>Sum</b>		<b>28950</b>			

Source: Author, Data from: <http://www.philasearch.com/en/auction/haus.php3?id=43>

## Jürgen Götz e.K. Internationales Auktionshaus

Catalog Nr.	Year	Items
346	2012	10857
345	2012	8028
344	2012	6083
343	2012	8509
342	2012	6496
<b>Sum</b>	<b>2012</b>	<b>39973</b>
341	2011	11041
340	2011	8322
339	2011	7300
338	2011	7745
337	2011	6073
336	2011	6586
<b>Sum</b>	<b>2011</b>	<b>47067</b>
335	2010	8876
334	2010	8261
333	2010	7419
332	2010	6140
331	2010	9951
330	2010	9590
<b>Sum</b>	<b>2010</b>	<b>50237</b>
329	2009	5926
328	2009	9999
327	2009	5621
326	2009	8591
325	2009	10636
324	2009	10734
323	2009	9547
<b>Sum</b>	<b>2009</b>	<b>61054</b>
322	2008	8579
321	2008	10848
320	2008	10016
319	2008	13232
318	2008	10461
317	2008	10766
316	2008	12179
<b>Sum</b>	<b>2008</b>	<b>76081</b>
315	2007	8707
314	2007	12106
313	2007	7906
312	2007	9539
311	2007	10720
310	2007	10708
309	2007	11199
<b>Sum</b>	<b>2007</b>	<b>70885</b>

Source: Author, Data from: [http://www.goetz-auktion.de/index.php?page\\_id=56](http://www.goetz-auktion.de/index.php?page_id=56)

## Shwanke GmbH

Auction	Year	Items on sale	Items sold	Sold %	Sold in €
336	2012	1437	921	64,09	307518
335	2012	5019	2319	46,2	732498
334	2012	4085	2175	53,24	688814
<b>Sum</b>	<b>2012</b>				
333	2011	4313	2036	47,21	816083
332	2011	3596			
331	2011	1836			
330	2011	817			
329	2011	4736			
328	2011	4671			
<b>Sum</b>	<b>2011</b>	<b>19969</b>			
327	2010	5038			
326	2010	5331			
325	2010	1727			
324	2010	4302			
323	2010	4168			
<b>Sum</b>	<b>2010</b>	<b>20566</b>			
322	2009	5128			
321	2009	5438			
320	2009	1187			
319	2009	3471			
318	2009	5154			
317	2009	4926			
<b>Sum</b>	<b>2009</b>	<b>25304</b>			
316	2008	5664			
315	2008	6107			
314	2008	2036			
313	2008	5114			
312	2008	4472			
311	2007	4547			
310	2007	4436			
307	2007	5220			
<b>Sum</b>	<b>2007</b>	<b>37596</b>			

Source: Author

Data from: <http://www.schwanke-auktionen.de/auctions/archive>

## Auktionshaus Ulrich Felzmann GmbH & Co. KG

Auction	Year	Items on sale total	Philately on sale	% of philately	Items sold total	Sold philately	Sold % philately	Sold in €	Sold € philately
138&137	2012	8768	5531	63,08	3952	3026	54,71	2183331	1760763
135	2012	9597	6817	71,03	4329	2924	42,89	2188746	1385862
<b>Sum</b>	<b>2012</b>								
134	2011	12229	8102	66,25	5448	3691	45,56		
133	2011	9099	4552	50,03	5081	3213	70,58		
132	2011	8827	5759	65,24	5290	3190	55,39		
<b>Sum</b>	<b>2011</b>	<b>30155</b>	<b>18413</b>						
131	2010	10219	6613	64,71					
130	2010	10032	5683	56,65					
129	2010	9938	4633	46,62					
<b>Sum</b>	<b>2010</b>	<b>30189</b>	<b>16929</b>						
128	2009	9668	<u>5844,31</u>	<u>60,45</u>					
127	2009	9602	<u>5804,41</u>	<u>60,45</u>					
126	2009	368	<u>222,46</u>	<u>60,45</u>					
125	2009	8908	<u>5384,89</u>	<u>60,45</u>					
<b>Sum</b>	<b>2009</b>	<b>28546</b>	<b><u>17256,06</u></b>						
124	2008	1273	<u>769,53</u>	<u>60,45</u>					
122&123	2008	7381	<u>4461,81</u>	<u>60,45</u>					
121	2008	6749	<u>4079,77</u>	<u>60,45</u>					
120	2008	8110	<u>4902,5</u>	<u>60,45</u>					
<b>Sum</b>	<b>2008</b>	<b>23513</b>	<b><u>14213,61</u></b>						
119	2007	7368	<u>4453,96</u>	<u>60,45</u>					
118	2007	7207	<u>4356,63</u>	<u>60,45</u>					
117	2007	7354	<u>4445,49</u>	<u>60,45</u>					
<b>Sum</b>	<b>2007</b>	<b>21929</b>	<b><u>13256,08</u></b>						
116	2006	7331	<u>4431,59</u>	<u>60,45</u>					
115	2006	6067	<u>3667,5</u>	<u>60,45</u>					
114	2006	2483	<u>1500,97</u>	<u>60,45</u>					
113	2006	9659	<u>5838,87</u>	<u>60,45</u>					
112	2006	2104	<u>1271,87</u>	<u>60,45</u>					
<b>Sum</b>	<b>2006</b>	<b>27644</b>	<b><u>16710,8</u></b>						
111	2005	9564	<u>5781,44</u>	<u>60,45</u>					
110	2005	9376	<u>5667,79</u>	<u>60,45</u>					
109	2005	8477	<u>5124,35</u>	<u>60,45</u>					
<b>Sum</b>	<b>2005</b>	<b>27417</b>	<b><u>16573,58</u></b>						

Source: Author,

Data from:

[http://www.philasearch.com/en/ha\\_12/Auktionshaus+Ulrich+Felzmann.html](http://www.philasearch.com/en/ha_12/Auktionshaus+Ulrich+Felzmann.html)

<http://www.felzmann.de/en/sell/catalogue-archive-1/>

The numbers in the table that are number of philatelic items on sale that are underlined are computed from the total size of auction, that contains philately and numismatic items, and the average percentage (underlined) of number philatelic items of offered in the last eight auctions.

### **SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH**

<b>Auction</b>	<b>Year</b>	<b>Items on sale</b>	<b>Items sold</b>	<b>Sold %</b>	<b>Sold in €</b>
11	2012	16064			
10	2012	18986	8184	43,11	398605
<b>Sum</b>	<b>2012</b>	<b>35050</b>			
9	2011	21673	7270	33,54	116284
8	2011	12948	6488	33,54	1788341
<b>Sum</b>	<b>2011</b>	<b>34621</b>			
7	2010	10144	3810	37,56	1242697
6	2010	6813			
<b>Sum</b>	<b>2010</b>	<b>16957</b>			
5	2009	6538			
4	2009	8646			
<b>Sum</b>	<b>2009</b>	<b>15184</b>			
3	2008	9852			
2	2008	11562			
<b>Sum</b>	<b>2008</b>	<b>21414</b>			
1	2007	8609			
<b>Sum</b>	<b>2007</b>	<b>8609</b>			

Source: Author, Data from: <http://www.philasearch.com/en/houseinfo.html?id=9097>

## Deider Briefmarkenauktionen

Auction	Year	Items on sale	Items sold	Sold %	Sold in €
50	2012	6348	3025	47,65	1234738
<b>Sum</b>	<b>2012</b>				
49	2011	5890	2597	44,09	999147
48	-	-	Data not available		
<b>Sum</b>	<b>2011</b>	<b>5890</b>			
47	2010	4925			
46	2010	4713			
<b>Sum</b>	<b>2010</b>	<b>9638</b>			
45	2009	5772			
44	2009	4796			
<b>Sum</b>	<b>2009</b>	<b>10568</b>			
43	2008	5806			
42	2008	140			
41	2008	5766			
<b>Sum</b>	<b>2008</b>	<b>11712</b>			
40	2007	6127			
39	2007	5750			
<b>Sum</b>	<b>2007</b>	<b>11877</b>			
38	2006	8612			
37	2006	4732			
<b>Sum</b>	<b>2006</b>	<b>13344</b>			
36	2005	9968			
35	2005	4715			
<b>Sum</b>	<b>2005</b>	<b>14683</b>			
34	2004	5233			
33	2004	3793			
<b>Sum</b>	<b>2004</b>	<b>9026</b>			

Source: Author, Data from:

[http://www.philasearch.com/en/ha\\_9260/Deider+Briefmarkenauktionen.html](http://www.philasearch.com/en/ha_9260/Deider+Briefmarkenauktionen.html)

<http://www.deider.de/>

## Mirko Franke

Auction	Year	Items on sale	Items sold	Sold %	Sold in €
57	2012	8634	2837	32,86	433202

Source: Author, Data from:

[http://www.philasearch.com/en/ha\\_9320/Mirko+Franke+Auktion.html](http://www.philasearch.com/en/ha_9320/Mirko+Franke+Auktion.html)

## Heinrich Köhler Auktionshaus GmbH und Co. KG

Auction	Year	Items on sale	Items sold	Sold %	Sold in €
347-349	2012	6223	3449	55,42	3646703
<b>Sum</b>	<b>2012</b>				
345-346	2011	10014	3089	30,85	3969118
343-344	2011	5835	3410	58,44	3749634
<b>Sum</b>	<b>2011</b>	<b>15849</b>	<b>6499</b>		
341-342	2010	9026	3998	44,29	3918359
339-340	2010	7737	3999	51,69	5311573
337	2010	6494	3737	57,55	4825532
<b>Sum</b>	<b>2010</b>	<b>23257</b>	<b>11734</b>		
335-336	2009	6732	3837	57	5432307
<b>Sum</b>	<b>2009</b>	<b>6732</b>	<b>3837</b>		
334	2008	10311	5231	50,73	4809453
333	2008	533			
332	2008	9907			
<b>Sum</b>	<b>2008</b>	<b>20751</b>			
331	2007	7675			
330	2007	5385			
329	2007	7239			
<b>Sum</b>	<b>2007</b>	<b>20299</b>			
328	2006	5263			
327	2006	5664			
326	2006	6188			
<b>Sum</b>	<b>2006</b>	<b>17115</b>			
325	2005	6972			
324	2005	x			
323	2005	26361			
<b>Sum</b>	<b>2005</b>	<b>33333</b>			
322	2004	7987			
321	2004	6482			
320	2004	8568			
<b>Sum</b>	<b>2004</b>	<b>23037</b>			
319	2003	6870			
318	2003	8309			
<b>Sum</b>	<b>2003</b>	<b>15179</b>			

Source: Author, Data from: <http://www.philasearch.com/en/auction/haus.php3?id=35>

## Appendix 2. Questionnaire I. - Questions

This questionnaire is in Czech language as the respondents use Czech language and is shown in the same format as it was prepared for respondents.

### Důležitost jednotlivých kategorií zákazníků z hlediska objemu nákupů. \*

Ohodnotte dle jejich důležitosti. Uvedené profese jsou uvedeny jako dytické pro lepší orientaci. Prosím hodnotte dle rozdělení tříd primárně a ne profesí.

	zásadně významná	velmi významná	středně významná	málo významná	bezvýznamná
vyšší střední třída - lékař, účetní, ředitel (vyšší management), ekonom, právník	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
střední třída - učitel, zdravotní sestra, policista, vedoucí (střední management)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
nižší střední - třída mistr, úředník	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
vyškolená dělnická třída - předák směny, instalatér, zedník, čistič	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
dělnická třída - prodáváč, rybář, nekvalifikovaný dělník	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
spodní třída - nádeník, penzista odkázaný na státní důchod	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Jaká je průměrná frekvence nákupů zákazníků (roční)? \*

Jak často jednotliví zákazníci nakupují materiál na trhu.

1-2x ▼

### Jak se mění celkový počet zákazníků na trhu? \*

Jak se mění celkový počet zákazníků. Dopíště případně slovy jak Váš názor.

Vzrůstá rychle ▼

### Z jakého důvodu se mění počet zákazníků? \*

Dopíště pokud můžete přesněji popsat slovy proč jste odpověděli v naší odpovědi v minulé otázce.



**Z jakého důvodu zákazníci nakupují filatelii? \***

	0-15%	16-30%	31-45%	46-60%	>60%
Sběratelství	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Výdělečná činnost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jiné	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Jakou důvěru mají zahraniční firmy z pohledu zákazníků? \***

Nízkou ▼

**Jakou důvěru mají zahraniční firmy z pohledu zákazníků, dopište slovy proč?****Kolik zdrojů(firem) při nákupu zákazníků v průměru využívá? \***

1 - 2 ▼

**Kde zákazníci nakupují filatelii? \***

Ohodnotte jednotlivé typy dle důležitosti (1- nejdůležitější).

	1	2	3	4
Sálové aukce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kamenné obchody	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internetové obchody	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jiné	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Kde zákazníci nakupují filatelii?**

Pokud jste zvolili i jiné, prosím vypište konkrétně.

V jakém rozsahu využívají němečtí zákazníci nabídku na okolních nebo světových trzích? \*

Málo ▼

V jakém rozsahu používají zákazníci internet pro nákup filatelie. \*

Ve srovnání s ostatními metodami nákupu.

Málo ▼

Jak jsou zákazníci loajální k zprostředkovatelům či prodejcům? \*

Zhodnotě jak moc zákazníci používají jen svého hlavního dodavatele.

Vůbec ▼

## Filatelistický trh v Německu

Jak si myslíte že je velký Německý trh s filatelii? \*

Kolik peněz se v něm pohybuje v €.

Kolik položek se v Německu ročně asi prodá? \*

Odpovězte číslo nebo rozsah

Kolik asi firem operuje na trhu? \*

Odpovězte číslo nebo rozsah

Jaká je průměrná prodejnost na filatelistických aukcích? \*

Odpovězte procentem nebo rozsahem

Po čem je na Německém trhu v současné době největší poptávka? \*

**Důležitost jednotlivých marketingových kanálů, kterými jsou nabízeny položky zákazníkům na trhu. \***

Ohodnotte důležitost jednotlivých kanálů.

	zásadně významný	velmi významný	středně významný	málo významný	bezvýznamný
Veletrhy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Odborné časopisy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inzerce v neodborných časopisech	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internetové agregátory aukcí (portály)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internetové stránky jednotlivých firem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kamenné obchody	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tištěné katalogy (aukční)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jiné	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Jaké jsou hlavní marketingové kanály, kterými jsou nabízeny položky zákazníkům na trhu?**

Pokud jsou JINÉ důležité kanály, které nebyly v předchozí otázce.

**Důležitost jednotlivých kanálů prodeje v Německu. \***

Přes který kanál se nejvíce položek prodá? Ohodnotte jejich důležitost.

	zásadně významný	velmi významný	středně významný	málo významný	bezvýznamný
Tištěné katalogy (aukční)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kamenné obchody	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agregátory aukčních položek (portály)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aukční servery (eBay, at.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vlastní webové stránky aukčních firem / aukce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vlastní webové stránky aukčních firem / obchod	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Novinková služba německé pošty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jiné	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Konkretizujte "JINÉ" hlavní kanály prodeje v Německu**

Pokud jsou JINÉ

**Má německý trh ve srovnání s jinými nějaká specifika? \***

**Víte o nějakém specifickém zákonu který ovlivňuje filatelistký trh v Německu. (Vlastní trh, Import, Export). \***

**Existují dle Vás překážky bránící vstupu na německý trh firmě z ČR? \***

## Firmy ve filatelii v Německu

Jaké jsou hlavní firmy (velikosti, obratem) v Německu a čím jsou výrazné? \*

Prosím uveďte alespoň 5.

Struktura firem na trhu dle velikosti (počtu zaměstnanců) . \*

1 - nejvyšší podíl, .. 4 - nejnižší podíl

	1	2	3	4
O 1 osobě	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2-4 pracovníci	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5-10 pracovníků	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
více pracovníků	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Jaký je podíl klasických kamenných obchodů a firem které prodávají přes internet vzhledem k objemu prodaných položek na trhu? \*

Malý ▼

Jaké jsou výhody domácích firem, na čem stávají? \*

Jaké podmínky by musela firma, která by chtěla začít, splnit aby byla úspěšná? \*

Submit

## Appendix 3. Questionnaire I. – Responses (original)

Responses are in Czech language as respondents are native Czech speakers.

Nr	Jméno respondenta	Mgr. David Kopřiva	Richard Burda	Vladimír Dražan
	<b>Kvalifikace ve vztahu k filatelii</b>	soudní znalec, tržní ceny a odhady ve filatelii	majitel firmy	soudní znalec
1	<b>Velikost německého trhu z hlediska počtu zákazníků.</b>	200 000	200 000	více než 1,5 milionu
<b>Struktura zákazníků na trhu z hlediska jejich věku</b>				
2	Do 18 let	0-15%	0-15%	0-15%
3	18-25 let	0-15%	0-15%	0-15%
4	25-45 let	0-15%	16-30%	16-30%
5	45-65 let	31-45%	31-45%	16-30%
6	65-75 let	31-45%	31-45%	46-60%
7	více než 75 let	16-30%	16-30%	46-60%
8	<b>Jaká je průměrná frekvence nákupů zákazníků (roční)?</b>	Víckrát	11-20x	2-5x
9	<b>Jak se mění celkový počet zákazníků na trhu?</b>	Je stabilní	Klesá pomalu	Klesá pomalu
<b>Z jakého důvodu zákazníci nakupují filatelii?</b>				
10	Sběratelství	31-45%	46-60%	>60%
11	Investice	31-45%	31-45%	16-30%
12	Výdělečná činnost	31-45%	16-30%	16-30%
13	Jiné	0-15%	0-15%	0-15%
14	<b>Jakou důvěru mají zahraniční firmy z pohledu zákazníků?</b>	Střední	Nízkou	Nízkou
15	<b>Kolik zdrojů (firem) při nákupu zákazníků v průměru využívá?</b>	6 - 10	3 - 5	3 - 5
<b>Kde zákazníci nakupují filatelii?</b>				
16	Sálové aukce	1-nejdůležitější	1-nejdůležitější	1-nejdůležitější
17	Kamenné obchody	4-nejméně důležité	3-málo důležité	3-málo důležité
18	Internetové obchody	2-důležité	2-důležité	2-důležité
19	Jiné	3-málo důležité	4-nejméně důležité	2-důležité
20	<b>V jakém rozsahu využívají němečtí zákazníci nabídku na okolních nebo světových trzích?</b>	Málo	Málo	Středně
21	<b>V jakém rozsahu používají zákazníci internet pro nákup filatelie.</b>	Stejně	Stejně	Více
22	<b>Jak jsou zákazníci loajální k zprostředkovatelům či prodejčům?</b>	Hodně	Hodně	Vůbec
23	<b>Jak si myslíte že je velký Německý trh s filatelii?</b>	500 000 000	cca 2 miliardy € ročně	600 milionů €
24	<b>Kolik položek se v Německu ročně asi prodá?</b>	cca 10 milionů	cca 300 - 500 tisíc ročně	350 milionů

25	Kolik asi firem operuje na trhu?	1000-1500	100	více než 100
26	Jaká je průměrná prodejnost na filatelistických aukcích?	50-80%	30-40%	50%
<b>Důležitost jednotlivých marketingových kanálů, kterými jsou nabízeny položky zákazníkům na trhu</b>				
27	Veletrhy	málo významný	málo významný	málo významný
28	Odborné časopisy	málo významný	středně významný	málo významný
29	Inzerce v neoborných časopisech	bezvýznamný	bezvýznamný	bezvýznamný
30	Internetové agregátory aukcí (portály)	středně významný	zásadně významný	zásadně významný
31	Internetové stránky jednotlivých firem	zásadně významný	zásadně významný	velmi významný
32	Kamenné obchody	málo významný	málo významný	středně významný
33	Tištěné katalogy (aukční)	velmi významný	velmi významný	málo významný
34	Jiné	málo významný	málo významný	středně významný
35	Jaké jsou hlavní marketingové kanály, kterými jsou nabízeny položky zákazníkům na trhu?	soukromá nabídka na základě známosti		Reklamní tiskoviny vydávané poštovní správou při každé nové emisi nových známek.
<b>Důležitost jednotlivých kanálů prodeje v Německu</b>				
36	Tištěné katalogy (aukční)	velmi významný	velmi významný	málo významný
37	Kamenné obchody	málo významný	málo významný	středně významný
38	Agregátory aukčních položek (portály)	středně významný	velmi významný	velmi významný
39	Aukční servery (eBay, atd.)	málo významný	středně významný	velmi významný
40	Vlastní webové stránky aukčních firem / aukce	zásadně významný	zásadně významný	středně významný
<b>Důležitost jednotlivých kategorií zákazníků z hlediska objemu nákupů</b>				
41	vyšší střední třída	zásadně významná	velmi významná	zásadně významná
42	střední třída	zásadně významná	velmi významná	středně významná
43	nižší střední třída	málo významná	velmi významná	málo významná
44	vyškolená dělnická třída	málo významná	málo významná	bezvýznamná
45	dělnická třída	málo významná	málo významná	bezvýznamná
46	spodní třída	málo významná	velmi významná	bezvýznamná
<b>Důležitost jednotlivých kanálů prodeje v Německu</b>				
47	Vlastní webové stránky aukčních firem / obchod	středně významný	velmi významný	středně významný
48	Novinková služba německé pošty	málo významný	málo významný	velmi významný
49	Jiné	středně významný	málo významný	bezvýznamný
50	Podíl klasických kamenných obchodů a firem které prodávají přes internet vzhledem k objemu prodaných položek na trhu?	Malý	Malý	Střední

51	<b>Z jakého důvodu se mění počet zákazníků?</b>	V určitém věku poměrně stejné procento materiálně zajištěných osob rozvíjí zálibu ve sběratelství obecně, tj. i ve známkách, výkyvy jsou jen na základě makroekonomických vlivů znamenajících nebo neznamenajících výhodnost jinak investovat. nyní v nedůvěře k nemovitostem, akciím a vkladům, roste zájem o alternativy tj. i o filatelii, známky jsou pak o to likvidnější, zvyšuje se tedy důvěra, tj. opět poptávka, tj. ceny atd. dokola, roztáčí se mírná "bublina" <u>cenový výhled na tři roky</u> : stabilita a mírný růst, různě podle jednotlivých filatelistických oborů a teritorií	Nových mladých sběratelů nepřibývá tolik jako ubývá přirozenou cestou starých.	Filatelie nikdy nebyla lidová zábava. Již několik let trvající ekonomická stagnace a poměrně vysoká nezaměstnanost jsou hlavní příčinou úbytku zákazníků z nižších příjmových skupin. Stará generace odchází a nových sběratelů přibývá jen zvolna. Chybí filatelistický dorost, takže počet organizovaných sběratelů (členů filatelistických klubů) už min. 10 let soustavně klesá.
<b>Struktura firem na trhu dle velikosti (počtu zaměstnanců)</b>				
52	firma o 1 osobě	4-nejnižší podíl	4-nejnižší podíl	4-nejnižší podíl
53	firma s 2-4 pracovníky	3-nízký podíl	4-nejnižší podíl	3-nízký podíl
54	firma s 5-10 pracovníky	2-vysoký podíl	3-nízký podíl	1-nejvyšší podíl
55	firma s více než 10 prac.	1-nejvyšší podíl	3-nízký podíl	2-vysoký podíl
56	<b>Jakou důvěru mají zahraniční firmy z pohledu zákazníků, dopište slovy proč?</b>	vysoká důvěra z Německa vůči Rakousku a Švýcarsku, střední důvěra směrem k USA a GB , nízká důvěra ve firmy ve zbytku světa vysoká a střední důvěra je dána přiměřeným respektem k silným a tradičním trhům uvedených zemí a propojeností německých a tamních aukčních firem, které jsou rozhodující pro trh, kvalitativní kritéria a ceny střední či spíše nízká důvěra vůči nám, Itálii, Rusku, Francii, Španělsku apod., díky dlouhodobé horší kondici trhu, nízké kredibilitě subjektů na trhu, jiným nárokům na kvalitu, jazykovým problémům atd.	Němečtí klienti jsou velmi loajální ke svým německým aukčním firmám.	Většina sběratelů je konzervativních a nakupuje u spolehlivých německých a švýcarských firem. Na firmy ze střední a východní Evropy stále pohlížejí s despektem. Prosadit se na německém trhu je pro zahraniční firmy složité.
57	<b>Kde zákazníci nakupují filatelii?</b>	burzy, veletrhy, soukromé nákupy a výkupy, výměny a koupě v prostředí i malých filatelistických klubů	Filatelistické výstavy, veletrhy, burzy, klubové schůzky, osobní prodej.....	Nově vydávané poštovní známky formou předplatného či jednotlivých objednávek u německé pošty.
58	<b>Po čem je na Německém trhu v současné době největší poptávka?</b>	Německá obsazená území a kolonie, provizoria 1945, staroněmecké státy, emise 1872 D. Reich, více známky , méně dopisy  celkově spíše Německo nikoli cizina	-známky Německa, německých kolonií a bývalých německých území a pak klasika všech populárních a ekonomicky zajímavých známkových zemí	Staroněmecké státy. Německé kolonie. Klasické známky celého světa.
59	<b>Konkretizujte "JINÉ" hlavní kanály prodeje v Německu</b>	soukromá nabídka na základě známosti a burzy	Filatelistické výstavy, veletrhy, burzy, klubové schůzky, osobní prodej.....	Reklama v regionálních sdělovacích prostředcích.



60	<b>Má německý trh ve srovnání s jinými nějaká specifika?</b>	důraz na kvalitu, větší počet atestovaných položek, preciznost přípravy aukcí, korektnost celého trhu, široká klientela, dlouhá tradice, vysoká likvidita a množství peněz jdoucích do známek	má - hlavně důraz na kvalitu veškerých nabízených položek, dále jistotu uzavřenost trhu na německy mluvící země, což americký nebo britský trh tak nemá....	Enormní požadavky na kvalitu filatelistického materiálu.
61	<b>Víte o nějakém specifickém zákonu který ovlivňuje filatelistický trh v Německu. (Vlastní trh, Import, Export).</b>	nic specifického, nic omezujícího atd., DPH standardní 8% z obratu nebo ve zvláštním režimu 20procent jen z aukčních provizí, ...různě podle spolkových zemí	-vše bez omezení, jen je problém s nacistickou propagandou na známkách, pohlednicích, podléhá tato věc speciálnímu zákonu....	Nevím o něm.
62	<b>Existují dle Vás překážky bránící vstupu na německý trh firmě z ČR?</b>	nedůvěra z německé strany, jazykový problém, nutnost "mít jméno", konzervativní zákazníci nakupující u své zavedené firmy atd.	-jako takové asi ne, ale nová zahraniční firma by se asi neujala, spíš by bylo vhodnější vstoupit do něj přes koupenou již fungující německou firmu a pak dostatečný kapitál na režijní provoz jistě náročnější jak u nás a velkou, velkou inzerci...viz. nová aukční německá firma Gärtner, která začínala někdy v roce 2005 a má jednu z největších inzercí v Německu a i tak si myslím, že tato firma je známější v cizině jak v samotném Německu - kde nemá téměř žádnou tradici a jistě svádí největší boj o německého klienta....	Asi neexistují.
63	<b>Jaké jsou hlavní firmy (velikostí, obratem) v Německu a čím jsou výrazné?</b>	Kohler - Wiesbaden, Schlegel - Berlin, Schwanke- Hamburg, Gotz - Oberkirch, Felzmann - Dusseldorf, ..vše stará jména, vždy v každé spolkové zemi jedna či max. dvě dominují, nejlepší materiál, propojenost se zahraničím USA, Švýcarsko atd	Heinrich Köhler, Wiesbaden Schwanke Hamburg Auktionshaus DEIDER, München a další...	Ch. Gaertner HBA Ulrich Felzmann Köhler - Wiesbaden Deider Mirko Franke Veuskens
64	<b>Jaké jsou výhody domácích firem, na čem staví?</b>	výhody domácích německých firem....viz. výše tj. kvalita, tradice, odbornost + počet spolupracujících zručů, flexibilita, jistota právních vztahů	tradiční, solidnost, kapitálové síle a na tom, že jsou německé....	Na serióznosti, dlouholeté tradici, kvalitě služeb i nabízeného materiálu.
65	<b>Jaké podmínky by musela firma, která by chtěla začít, splnit aby byla úspěšná?</b>	viz výše + silný kapitál na nabrání "počátečního" materiálu k vyvolání poptávky,  nejlépe koupit již zavedenou firmu, nebo odkoupit "jméno" když v nějaké firmě dochází "dech" nebo se chystá generační výměna majitelů či správců... je mnoho příkladů...	koupit již zaběhlou německou firmu a s dostatečným kapitálem ji rozvíjet...	Mít dostatek volných finančních prostředků. Mít dobré jméno, resp. reference z předchozí činnosti. Např. pracovník s dlouholetou praxí ve významné filatelistické firmě. Neznámější německý znalec, p. Schlegel, nedávno založil v Berlíně vlastní aukční firmu. Nejlepší řešení je koupit zavedenou firmu a pokračovat po d jejím původním názvem.

## Appendix 4. Questionnaire I. - Responses (translated)

Answers and questions are translated from original Czech language into English language.

Nr	Name of respondent	Mgr. David Kopřiva	Richard Burda	Vladimír Dražan
	<b>Qualification in relation to philately</b>	expert witness, market prices and estimates in philately	Owner of Burda Auction	expert witness
1	<b>Size of the German market in terms of number of customers.</b>	200 000	200 000	More than 1,5 million
<b>Structure of customers based on their age</b>				
2	To 18 years	0-15%	0-15%	0-15%
3	18-25 years	0-15%	0-15%	0-15%
4	25-45 years	0-15%	16-30%	16-30%
5	45-65 years	31-45%	31-45%	16-30%
6	65-75 years	31-45%	31-45%	46-60%
7	More than 75 years	16-30%	16-30%	46-60%
8	<b>What is the average frequency of purchases by customers (annual)?</b>	more	11-20x	2-5x
9	<b>How is changing the number of customers?</b>	Is stable	Slow decrease	Slow decrease
<b>For what reasons customers buy philately?</b>				
10	Collecting	31-45%	46-60%	>60%
11	Investment	31-45%	31-45%	16-30%
12	Economic activities	31-45%	16-30%	16-30%
13	Other	0-15%	0-15%	0-15%
14	<b>What level of confidence foreign firms get from the perspective of customers?</b>	Medium	Low	Low
15	<b>How many companies an average customer uses (for buying)?</b>	6 - 10	3 - 5	3 - 5
<b>Where customers buy philately?</b>				
16	Public auctions	1-most important	1-most important	1-most important
17	Brick and mortar shops	4-least important	3-small importance	3-small importance
18	Internet shop	2-important	2-important	2-important
19	Other	3-small importance	4-least important	2-important
20	<b>How much German customers use foreign market to buy philately?</b>	Little	Little	Moderately
21	<b>To what extent do customers use the Internet for purchasing philately.</b>	about the same	about the same	More
22	<b>Are customers loyal to brokers or dealers?</b>	Very	Very	Not at all
23	<b>How big is the market with German philately?</b>	500 000 000	about 2 billions €	600 millions €
24	<b>How many items are in Germany sold per year?</b>	About 10 000 000	About 300 000 – 500 000	350000000

25	How many companies are operating in the German market?	1000-1500	100	More than 100
26	What is the average percentage sold on philatelic auctions?	50-80%	30-40%	50%
<b>What is the importance of marketing channels, by which are items offered to customers</b>				
27	Fairs	little importance	little importance	little importance
28	Magazines	little importance	moderately significant	little importance
29	Advertising in common magazines	insignificant	insignificant	insignificant
30	Internet auction aggregators (portals)	moderately significant	fundamentally significant	fundamentally significant
31	Websites of individual companies	fundamentally significant	fundamentally significant	highly significant
32	Brick and mortar shops	little importance	little importance	moderately significant
33	Printed auction catalogues	highly significant	highly significant	little importance
34	Other	little importance	little importance	moderately significant
35	What are the main marketing channels, which are used to offer items to customers?	private offer based on connections		Printed advertising published by postal administration for each new issue of new stamps
<b>Importance of individual sales channels in Germany</b>				
36	Printed auction catalogues	highly significant	highly significant	little importance
37	Brick and mortar shops	little importance	little importance	moderately significant
38	Internet auction aggregators (portals)	moderately significant	highly significant	highly significant
39	Auction sites (eBay, etc.)	little importance	moderately significant	highly significant
40	Own website of auction companies / auction	fundamentally significant	fundamentally significant	moderately significant
<b>Importance of different categories of customers in terms of volume purchases</b>				
41	upper middle class	fundamentally significant	highly significant	fundamentally significant
42	middle class	fundamentally significant	highly significant	moderately significant
43	ower middle class	little importance	highly significant	little importance
44	trained working class	little importance	little importance	insignificant
45	working class	little importance	little importance	insignificant
46	lower class	little importance	highly significant	insignificant
<b>Importance of sales channels in Germany</b>				
47	Own website of auction companies / trade	moderately significant	highly significant	moderately significant
48	News service German Post	little importance	little importance	highly significant
49	Other	moderately significant	little importance	insignificant
50	Share of classic rock shops due to companies that sell over the Internet on the volume of items sold in the market?	Small	Small	Middle
<b>Structure firms in the market by size (number of employees)</b>				
51	1 person company	4-lowest proportion	4-lowest proportion	4-lowest proportion
52	company with 2-4 employees	3-low proportion	4-lowest proportion	3-low proportion
53	company with 5-10 employees	2-high proportion	3-low proportion	1-highest proportion
54	company with more than 10 employees	1-highest proportion	3-low proportion	2-high proportion

55	<b>What is the reason that the customers base change?</b>	In certain age relatively the same percentage of materially secured persons develops a fondness for collecting in general, in Marks, fluctuations are only based on the macroeconomic effects purporting or otherwise meaningless advantage to invest. now distrust of real estate, stocks and deposits, a growing interest in alternatives ie also philately, stamps are then all the liquid, thus increasing confidence, ie, again demand, ie, prices, etc. and over spins the slight "bubble" <u>price outlook for three years:stability and modest growth, according to the different branches and philatelic territories</u>	New young collectors have not risen as much as natural diminishing of old age collectors..	Philately has never been popular entertainment. Past few years of economic stagnation and relatively high unemployment is the main reason for the loss of customers from lower income groups. Old generation is leaving and new collectors numbers are increasing only slowly. Missing philatelic youth, so the number of organized collectors (members philatelic clubs) have min. 10 years of steadily declining.
56	<b>How much confidence get the foreign firms from customers?</b>	High level of trust from Germany to Austria and Switzerland, medium trust towards the U.S. and GB, low confidence in the company in the rest of the world. High and medium confidence is given adequate respect for the strong and traditional markets of those countries and interconnection auction of German and local companies, which are crucial for the market, quality criteria and prices tend to be low or medium confidence against us, Italy, Russia, France, Spain, etc., due to worse long-term condition of the market, the low credibility of operators, other demands on quality, language issues, etc.	German clients are very loyal to their German auction companies.	Most collectors are conservative and buys in reliable German and Swiss companies. On the company from Central and Eastern Europe are still regarded with contempt. Establish themselves on the German market is difficult for foreign companies.
57	<b>Where customers buy philately?</b>	Exchanges, fairs, private purchases, exchanges and purchases in the environment and small philatelic clubs.	Philatelic exhibitions, trade fairs, exchange, club meetings, personal selling ...	Newly published postage stamps by subscription or individual purchase orders at the German post office.
58	<b>What is currently in most demand on the German market?</b>	German occupied territories and colonies temporaries 1945, Altdeutsche States, issue 1872 D. Reich, more signs, fewer letters. Generally Germany rather than foreign countries.	Germany stamps, stamps of German colonies and former German territories, and then stamps all the classic popular and economically interesting stamp countries.	Old German States. German colonies. Classic stamps around the world.
59	<b>Other main sales channels in Germany.</b>	A private offer to the familiarity and Exchange.	Philatelic Exhibitions, fairs, exchanges, club meetings, personal selling	Advertising in regional media.

60	<b>How is German market different to other markets (foreign)?</b>	Emphasis on quality, a greater number of attested items, precision preparation auction, correctness of the entire market, a wide clientele, long tradition, high liquidity and the amount of money going into stamps.	Yes - especially the emphasis on the quality of all items offered, as well as a certain closeness of the German-speaking market in the country, which the American or British market has not.	Enormous requirements for quality philatelic material.
61	<b>Do you know of any specific law that affects philatelic market in Germany. (Custom Market, Import, Export).</b>	Not anything specific, not restrictive, etc., the standard VAT 8% of turnover or in a special mode only 20 percent of auction commissions ... variously on the Land	Without any restrictions, but there is a problem with the Nazi Propaganda on stamps, postcards, shall be subject to a special law	Don't know.
62	<b>According to you are there market entry barriers into the German for company from the Czech Republic?</b>	Distrust from the German side, the language problem, the need "to have the name" conservative customers purchasing with its established companies, etc.	As such probably no, but new foreign firm would probably not prevail, but rather it would be preferable to enter into it through a bought already established German company and then sufficient capital overhead traffic certainly challenging for both us and a big, big advertising. new auction Gärtner German company that started sometime in 2005, and has one of the biggest advertising in Germany and so I think that the company is better known abroad as in Germany itself - which has almost no tradition and certainly brings the greatest fight in the German client...	Probably not exist.
63	<b>What are the major companies (size, turnover) in Germany, and in which way are they specific?</b>	Kohler - Wiesbaden, Schlegel - Berlin, Hamburg-Schwank, Gotz - Oberkirch, Felzmann - Dusseldorf, .. all the old names, always in every Land up one or two dominate, the best material, interconnection with other countries USA, Switzerland, etc,	Heinrich Köhler, Wiesbaden Schwank Hamburg, Auktionhaus DEIDER Munich and another..	Ch. Gaertner HBA Ulrich Felzmann Köhler - Wiesbaden Deider Mirko Franke Veuskens
64	<b>What are the advantages of domestic firms?</b>	Benefits domestic German companies .... see. ie, the amount of quality, tradition, expertise + number of cooperating expert, flexibility, security of legal relations	tradition, solidity, capital strength and the fact that they are the German.	Seriousness, longstanding tradition, quality and service offered by the material.

65	<p><b>What conditions would company that would like to start, and to be successful to have fulfill?</b></p>	<p>see above + strong capital to gain "initial" material to create demand, Best buy an already established business, or buy a "name" when in a company is "breath" or about generational change owners or managers ... There are many examples.</p>	<p>Buy a stray German company with sufficient capital to develop it .</p>	<p>To have enough available funds. Having a good name, respectively references from previous activities. Eg. worker with years of experience in major philatelic company. The best-known German expert, Mr. Schlegel, recently founded in Berlin own auction business. The best solution is to buy an established business and continue with its original name.</p>
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## Appendix 5. Questionnaire II. - Questions

Questionnaire is shown in the format in which was displayed to the respondents on the internet and is in Czech language as the respondents main language is Czech.

Vaše jméno \*

**Auktionshaus Christoph Gärtner GmbH & Co. KG – Germany**

Gärtner - Má obchod?

Gärtner - Vlastní budovu kde má sídlo?

Gärtner - Kolik má zaměstnanců?

Gärtner - Jakou má prodejnost v aukcích?

%

Gärtner - Jak se propaguje?

Gärtner - Je nečím speciální?

**Heinrich Köhler Auktionshaus GmbH und Co. KG – Wiesbaden,  
Germany**

**Köhler - Jakou má prodejnost v aukcích?**

**Köhler - Má sál v sídle?**

**Köhler - Jak se propaguje?**

**Köhler - Je něčím speciální?**



**Felzmann - Jakou má prodejnost v aukcích?**

**Felzmann - Jak se propaguje?**

**Felzmann - Je něčím speciální?**

## Schwanke GmbH – Hamburg, Germany

Shwanke - Je firma vlastněna rodinou?

Shwanke - Má tištěný katalog?

Shwanke - Má sál v místě kanceláře?

Shwanke - Kolik mají zaměstnanců?

Shwanke - Jakou má prodejnost v aukcích?

Shwanke - Jak se propaguje?

Shwanke - Je něčím speciální?

**Jürgen Götz e.K Internationales Auktionshaus – Oberkirch, Germany**

**Götz - Jakou má prodejnost v aukcích?**

**Götz - Jak se propaguje?**

**Götz - Je něčím speciální?**

## Deider Briefmarkenauktionen – München, Germany

Deider - Kolik má zaměstnanců?

Deider - Kolik pořádá aukcí ročně?

Deider - Kolik položek průměrně v aukci?

Deider - Jakou má prodejnost v aukcích?

Deider - Jak se propaguje?

Deider - Čím je speciální?

**SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH – Berlin,  
Germany**

Schlegel - Kolik má zaměstnanců?

Schlegel - Provozuje i klasický obchod?

Schlegel - Jakou má prodejnost v aukcích?

Schlegel - Jak se propaguje?

Schlegel - Čím je speciální?

## Mirko Franke – Bargteheide, Germany

Franke - Kolik má zaměstnanců?

Franke - Kolik aukcí ročně?

Franke - Průměrný počet položek v aukci?

Franke - Vlastní budovu?

Franke - Má sál v místě kanceláří?

Franke - Jakou má prodejnost v aukcích?

Franke - Jak se propaguje?

Franke - Čím je speciální?

## Auktionshaus Veuskens - Hildesheim, Germany

Veuskens - Vlastní své sídlo?

Veuskens - Má sál v místě kanceláři?

Veuskens - Jakou má prodejnost v aukcích?

Veuskens - Jak se propaguje?

Veuskens - čím je speciální?

## Další otázky

**Jaké servery agregující položky používají němečtí zákazníci?**

Např. PhilaSearch.com

**Mají jednotlivé firmy dražení online přes web (zároveň se sálem)?**

	ano vlastní	ano externí	ne
Auktionshaus Christoph Gärtner GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Heinrich Köhler Auktionshaus GmbH und Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Ulrich Felzmann GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Schwanke GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jürgen Götz e.K. Internationales Auktionshaus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deider Briefmarkenauktionen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mirko Franke	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Veuskens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**Zhodnotte jaký je vývoj jednotlivých firem.**

	ztrácí	je stabilní	roste lehce	roste výrazně
Auktionshaus Christoph Gärtner GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Heinrich Köhler Auktionshaus GmbH und Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Ulrich Felzmann GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Schwanke GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jürgen Götz e.K. Internationales Auktionshaus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deider Briefmarkenauktionen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mirko Franke	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Veuskens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Jak by jste hodnotili strategii jednotlivých firem.**

	pasivní	udržovací	pomalý růst	expanzivní
Auktionshaus Christoph Gärtner GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Heinrich Köhler Auktionshaus GmbH und Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Ulrich Felzmann GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Schwanke GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jürgen Götz e.K. Internationales Auktionshaus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deider Briefmarkenauktionen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mirko Franke	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Veuskens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Jak firmy získávají materiál do aukcí (nákupem nebo zprostředkováním)?**

	hlavně nákupem	více nákupem	stejně	více zprostředkováním	hlavně zprostředkováním
Auktionshaus Christoph Gärtner GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Heinrich Köhler Auktionshaus GmbH und Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Ulrich Felzmann GmbH & Co. KG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Schwanke GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jürgen Götz e.K. Internationales Auktionshaus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deider Briefmarkenauktionen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mirko Franke	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auktionshaus Veuskens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Kolik si myslíte že by stálo odkoupení Německé firmy, pro podnikání na německém trhu?**

Pokud možno i s nějakým příkladem.

Submit

## Appendix 6. Questionnaire II. - Responses (original)

Respondents of this questionnaire are speaking Czech language, therefore the responses are in Czech language. The translated answers in the following appendix.

C.	Jméno respondenta	Vladimír Dražan	Richard Burda	David Kopriva
<b>fy Auktionshaus Christoph Gärtner GmbH &amp; Co. KG</b>				
1	Má obchod?	ne	ano	ne
2	Vlastní budovu kde má sídlo?	ano	ano	ano
3	Kolik má zaměstnanců?	cca 10	cca 20	10
4	Prodejnost v aukcích?	30 - 60 %	cca 40 %	
5	Jak se propaguje?	Celostránkovými inzeráty nejen v německých filatelistických časopisech, ale i v odborných časopisech a filatelistických zpravodajích sběratelů poštovních známek Německa v USA a v jiných zemích.	ohromná inzerce ve všech světových filatelistických periodikách, účastní se výstav, sám chodí na veletrhy, burzy a nakupuje na aukcích, všechny internetové portály, vlastní web	inzerce EU + USA, placené články v novinách, TV spoty, DBZ, vlastní letáky a tiskové zprávy, pozvánky na akce atd.
6	Je něčím speciální?	Pořádá 3 - 5ti denní aukce.	mladá firma, aukce dělá od r.2006, před tím od r.1989 měl obchod, pak koupil velký firemní dům a začal silně a dravě pronikat na trh, liší se nesmírnou a jistě drahou reklamou, údajně je za ním skrytý ruský kapitál.... uvádí, že má 86700 zákazníků v databázi	začal pozdě a hned velké objemy, osobní nákupy na jiných velkých aukcích v USA a Švýcarsku, nasazuje vysoké ceny, velmi silná cizina (tj. věci mimo německo)
<b>fy Heinrich Köhler Auktionshaus GmbH und Co. KG</b>				
7	Jak se propaguje?	Téměř stejně jako Gärtner, inzeráty má prakticky všude.	opět inzerce ve všech možných časopisech, ale o něco mírnější než Gärtner, internetové portály, vlastní web, on-line dražba	jako Gärtner + výroční zprávy a zveřejňované závěry auditorů !!!...člen mezinárodní aukční skupiny s Corinphilou a H.R. Harmer USA atd.
8	Je něčím speciální?		tato firma patří do velkého světového finančního traktu, dlouhá stoletá tradice, mají obrovské archivy se záznamy o prodaných známkách; je prvním celosvětově certifikovaným aukčním domem dle ISO norem 9001/2008, z velké databáze mohou sdělit původ položky.	viz výše + nejstarší aukce v Něm + specializované oddíly aukce " sbírka toho a toho"
9	Prodejnost v aukcích?	nevím	asi větší cca 55%	
10	Má sál v sídle?	ano		ano
<b>fy Auktionshaus Ulrich Felzmann GmbH &amp; Co. KG</b>				
11	Jak se propaguje?	Podstatně méně než obě výše uvedené firmy. Určitě inzeruje v časopise DBZ.	inzerce v důležitých filatelistických periodikách	nic moc, horší než Gärtner
12	Je něčím speciální?	Nevím	nevím	důraz na letectvo Zeppelinů a specializované oddíly aukce, vysoké vyvolávací
13	Jakou má prodejnost v aukcích?	Nevím, tyto aukce nesleduji	cca 40%	malou do 50%

fy Schwanke GmbH				
14	Je firma vlastněna rodinou?		ano	ano
15	Má tištěný katalog?		ano	ano
16	Jak se propaguje?	Firmu Schwanke nesledují, neposílá mi ani aukční katalogy.	inzerce hlavně Německo a okolní země, Anglie, Benelux, internetové portály, vlastní web	nic moc horší než Gärtner, inzerce a tak
17	Má sál v místě kanceláře?		ano	ano
18	Kolik mají zaměstnanců?	netuším	cca 15	4
19	Prodejnost v aukcích?	nevím	cca 50%	60,00%
20	Je něčím speciální?	nevím	silná tradiční firma, pan majitel osobně nakupuje na aukcích materiál pro svou aukci, nečeká až mu něco donesou, myslím si, že vydává i odbornou literaturu; rodinná firma, vše sběratelé, mají významnou sbírku, jako první začal v katalozích uvádět text přímo u obrázků, pořádají i kurzy a filatelistické semináře - např. téma KVALITA, vydávají odborné články na svém webu	osobní nákupy jinde, dobrá nabídka ciziny
fy Jürgen Götz e.K. Internationales Auktionshaus				
21	Jakou má prodejnost v aukcích?	nevím	cca 40%	60,00%
22	Je něčím speciální?	nevím	nevím, podle mě slabší menší firma, ale v německých měřítcích, hodně prodává sbírky a partie, má vlastní firemní dům mimo centrum, ale 35 letá tradice	tradice jména, opakování položek, poměrně levné startovací ceny
23	Jak se propaguje?	netuším	inzerce - Německo, jinde moc asi ne, spíš se soustředí na Německý trh	jako Schwanke + tradice jména (po otcevi)
fy Deider Briefmarkenauktionen				
24	Kolik má zaměstnanců?	12	nevím cca 10	4
25	Kolik pořádá aukcí ročně?	3 - 4	3	2
26	Kolik položek průměrně v aukci?	5.000 - 7.000 *)	5000-10000	3000
27	Čím je speciální?	Specialista na Bavorsko a Rakousko	je z Mnichova a chlubí se rakousko - bavorským "šarmem", asi budou zaměstnanci i z Rakouska	nízké ceny, dobré sbírky
28	Jak se propaguje?	Inzerce v německých fil. časopisech *) v roce 2005 měl v 36. aukci 10.000 položek	inzerce, vlastní web, filatelistické portály	nic moc, DBZ, oslovuje klienty pozvánkami na dodávky apod
29	Prodejnost v aukcích?	60-70 %	málo cca 40-45%	
fy SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH				
30	Kolik má zaměstnanců?	nevím	cca 10-15	10 ?
31	Provozuje i klasický obchod?	ne	ano	ne
32	Čím je speciální?	Jako nejuznávanější německý znalec má ohromné renomé. Nabízí prakticky pouze známky německé provenience.	tradice od r.1904, mají i vlastní znalce - značka Schlegel na velkém množství německých známek; rodinná firma, aukci vede se šmrncem manželka majitele, pořádají také přednášky a semináře, hlavně o tom co budou dražit!!	vysoké ceny, velký objem, pozdě začal, přesto úspěch, jméno, hezká manželka, specialisované katalogy, silné rusko a nové perspektivní trhy, Asie, Turecko atd.

33	Jak se propaguje?	Velkorysou inzercí, jde o novou firmu	opět inzerce periodika, vlastní web, filatelistické portály, hodně orientováno na německý trh, Berlínská firma	jako Gärtner
34	Prodejnost v aukcích?	nevím	40-50%	0,6
<b>fy Mirko Franke</b>				
35	Čím je speciální?	nevím	nevím	
36	Jak se propaguje?	Určitě 2 stránkovými inzeráty v časopise DBZ	neviděl jsem	
37	Kolik má zaměstnanců?	nevím	nevím, neznám	
38	Kolik aukcí ročně?	nevím	?	
39	Průměrný počet položek v aukci?	neznám	?	
40	Vlastní budovu?			
41	Má sál v místě kanceláří?			
42	Prodejnost v aukcích?		?	
<b>fy Auktionshaus Veuskens</b>				
43	Čím je speciální?	neumím posoudit - firmu nesleduji	tuto aukci moc neznám, mladá firma začínající v r. 1986, více zaměřeno na německý trh,.....; 4 aukce do roka, katalog rozesílají pro 8000 až 10000 zájemců, databáze čítá 50000 klientů,	nakupuje hodně sám pro svou aukci jako někt. výše uvedení., a to i na německých aukcích v cizině miň strašně výkonný člověk, hyperaktivní workholik, nízké ceny
44	Jak se propaguje?		inzerce, web, portály	nic moc....jako třeba schwanke
45	Vlastní své sídlo?		ano	ano
46	Má sál v místě kanceláří?		ano	ano
47	Prodejnost v aukcích?		cca 40%	0,5
<b>Má firm dražení online přes web (zároveň se sálem)?</b>				
48	Gärtner		ano vlastní	ne
49	Köhler		ano vlastní	ano vlastní
50	Felzmann			ne
51	Schwanke		ano vlastní	ne
52	Götz			ne
53	Deider			ne
54	SCHLEGEL		ano vlastní	ne
55	Franke			ne
56	Veuskens			ne
<b>Zhodnot'te jaký je vývoj firem.</b>				
57	Gärtner	roste lehce	roste lehce	roste lehce
58	Köhler	je stabilní	roste lehce	je stabilní
59	Felzmann	je stabilní	je stabilní	ztrácí
60	Schwanke	je stabilní	roste lehce	je stabilní
61	Götz	ztrácí	je stabilní	je stabilní
62	Deider	je stabilní	je stabilní	ztrácí
63	SCHLEGEL	roste výrazně	roste lehce	roste lehce
64	Franke	je stabilní		ztrácí
65	Veuskens	ztrácí	je stabilní	roste lehce
<b>Jak by jste hodnotili strategii firmy</b>				
66	Gärtner	expanzivní	expanzivní	expanzivní
67	Köhler	pomalý růst	pomalý růst	expanzivní
68	Felzmann	udržovací	udržovací	udržovací
69	Schwanke	pomalý růst	pomalý růst	pomalý růst
70	Götz	udržovací	udržovací	udržovací
71	Deider	udržovací	udržovací	pasivní
72	SCHLEGEL	pomalý růst	pomalý růst	expanzivní
73	Franke	udržovací		pasivní
74	Veuskens	udržovací		pomalý růst
<b>Jak firmy získávají materiál do aukcí (nákupem nebo zprostředkováním)?</b>				
75	Gärtner	více nákupem	více nákupem	stejně
76	Köhler	stejně	více nákupem	více zprostředkováním
77	Felzmann	více zprostředkováním		více zprostředkováním
78	Schwanke	stejně	více nákupem	stejně
79	Götz	více zprostředkováním		více zprostředkováním
80	Deider	stejně		hlavně zprostředkováním
81	SCHLEGEL	více zprostředkováním	více nákupem	stejně

82	Franke	více zprostředkováním		hlavně zprostředkováním
83	Veuskens	více zprostředkováním		více nákupem
<b>Další</b>				
84	<b>Jaké servery agregující položky používají němečtí zákazníci?</b>	V naprosté většině PhilaSearch.com	Němci jen Philasearch	hlavně Philasearch
85	<b>Kolik si myslíte že by stálo odkoupení Německé firmy, pro podnikání na německém trhu?</b>	Konkrétní příklad neznám, ale pokud by šlo o některou z výše uvedených firm tak rozhodně několik desítek milionů €.	velké nejsou jistě na prodej protože je už někdo koupil....malá firma by se dala koupit za cca 200.000 euro	nevím, nutno firmu ocenit výnosovým způsobem, třeba zisk x 10 ? Weltphila Nurnberg . 1mil EUR Kohler.....30mil EUR

## Appendix 7. Questionnaire II. - Responses (translated)

Responses were translated into English from Czech language.

Nr	Name of respondent	Vladimír Dražan	Richard Burda	David Kopriva
<b>fy Auktionshaus Christoph Gärtner GmbH &amp; Co. KG</b>				
1	Has shop?	no	yes	no
2	Owens building (headquarters)?	yes	yes	yes
3	How many employees?	about 10	about 20	10
4	Percentage of sold in auctions?	30 - 60 %	about 40 %	
5	How they promote?	Full-page advertisements, not only in German philatelic journals, but also in professional journals and newsletters philatelic collectors of stamps of Germany in the U.S. and other countries	Massive advertising in all the world philatelic periodicals, participating in exhibitions, trade fairs walks alone, exchanges and purchases at auctions, all Internet portals, custom web	advertises EU + USA, paid newspaper articles, TV spots, DBZ, custom flyers and press releases, event invitations, etc.
6	Is there something special?	Organizes 3 - 5-day auctions.	young company , makes auction since 2006, previously had a shop since 1989, the company bought a large house and began strongly and fiercely hard to penetrate the market, ranging in immense and certainly expensive advertising, reportedly is hidden behind the Russian capital .... states that it has 86,700 customers in the database	started late and now large volumes personal purchases in other major auctions in the U.S. and Switzerland, puts a high price, a very strong foreign countries (ie things outside Germany)
<b>Heinrich Köhler Auktionshaus GmbH und Co. KG</b>				
7	How they promote?	Almost as Gärtner has ads everywhere.	Again advertising in all sorts of magazines, but a bit milder than Gärtner, Internet portals, custom web, on-line auction	as Gärtner + annual reports and published the findings of auditors' !! ... member of the international auction group Corinphilou and HR Harmer USA etc.
8	Is there something special?		This company belongs to the large global financial trusts, long centennial tradition, they have huge archives with records of sold signs, is the first worldwide auction house certified according to ISO standards 9001/2008, due to large databases they can tell the origin of the items	above + oldest auction in Germany + specialized sections of auction "collection of so and so"
9	Percentage of sold in auctions?	-	Possibly more 55%	
10	Has auction room in headquarters?	yes		yes
<b>Auktionshaus Ulrich Felzmann GmbH &amp; Co. KG</b>				
11	How they promote?	Significantly less than both above companies. Certainly advertises in the magazine DBZ.	Advertisements in major philatelic periodicals	not much, worse than Gärtner

12	Is there something special?	-	-	Emphasis on aircraft and Zeppelins specialized auction sections, high prices
13	Percentage of sold in auctions?	-	about 40%	to 50%
<b>Schwanke GmbH</b>				
14	Family owned company?		yes	yes
15	Printed auction catalogue?		yes	yes
16	How they promote?	Schwank do not follow us, do not send me or auction catalogs.	marketplace mainly Germany and neighboring countries, England, Benelux, Internet portals, own web	not much worse than Gärtner, advertising and so
17	Has auction room in headquarters?		yes	yes
18	How many employees?	-	about 15	4
19	Percentage of sold in auctions?	-	about 50%	60,00%
20	Is there something special?	-	strong traditional firm, Mr. owner personally purchased at auctions material for their auction, waiting until his they bring something, I think that also publishes professional literature, family-owned company, everything collectors have a significant collection first began in catalogs indicate text directly on the images, as well as organizing courses and philatelic seminars - eg topic QUALITY, publish scholarly articles on their site	personal purchases elsewhere, good offers of abroad items
<b>Jürgen Götz e.K. Internationales Auktionshaus</b>				
21	Percentage of sold in auctions?	-	about 40%	60,00%
22	Is there something special?	-	I think weaker smaller company, but in the German scales, sells collections and has its own corporate house outside the city, but 35-year-old tradition	tradition names, repeat items, relatively cheap starting price
23	How they promote?	-	advertising - Germany, probably not much else, but rather focuses on the German market	as Schwanke + Tradition name (after his father)
<b>Deider Briefmarkenauktionen</b>				
24	How many employees?	12	- about 10	4
25	How many auctions per year?	3 - 4	3	2
26	Average number of items in auction?	5.000 - 7.000 *)	5000-10000	3000
27	Is there something special?	Specialist in Bavaria and Austria	Munich and boasts the Austrian - Bavarian "charm", some employees will also Austria's	low price, good collections
28	How they promote?	advertising in German phil.magazines) * in 2005 had 10,000 items in 36.auction	advertising, own web, portals philatelic	much, DBZ, addressing invitations to supply clients etc
29	Percentage of sold in auctions?	60-70 %	Little about 40-45%	
<b>SCHLEGEL - Berliner Auktionshaus für Philatelie GmbH</b>				
30	How many employees?	-	about 10-15	10 ?



31	Does have brick and mortar shop?	no	yes	no
32	Is there something special?	As the most respected German expert has a huge reputation. It offers virtually only signs of German origin.	Tradition from r.1904 have our own expert - Mark Schlegel on a large number of German marks; family business, auction is done by wife of the owner, organize lectures and seminars, mainly about auction will!	high cost, high volume, started late, yet success, name, pretty wife, specialist catalogues, strong Russia and new emerging markets, Asia, Turkey etc.
33	How they promote?	generous advertising, is a new company	again periodical advertising, custom web , philatelic portals, many focused on the German market, the Berlin company	Like Gärtner
34	Percentage of sold in auctions?	-	40-50%	0,6
<b>Mirko Franke</b>				
35	Is there something special?	-	-	
36	How they promote?	Definitely two-page advertisements in the magazineDBZ	-	
37	How many employees?	-	-	
38	How many auctions per year?	-	-	
39	Avg. Number of items in auctions?	-	-	
40	Owns building (headquarters)?			
41	Has auction room in headquarters?			
42	Percentage of sold in auctions?		-	
<b>Auktionshaus Veuskens</b>				
43	Is there something special?	Can not tell - I do not followcompany	a young company starting in 1986, more focused on the German market, ....., 4 auctions a year, a catalog distributed for 8000 to 10,000 participants , the database includes 50,000 customers	buys himself a lot for auction as .. even at German auctions abroad less very powerful man, hyperactive workaholic, low price of items
44	How they promote?		advertising, web portals	not much like Schwanke
45	Owns building (headquarters)?		yes	yes
46	Has auction room in headquarters?		yes	yes
47	Percentage of sold in auctions?		about 40%	50,00%
<b>Has the company auction room inline on the web</b>				
48	Gärtner		yes	no
49	Köhler		yes	yes
50	Felzmann			no
51	Schwanke		yes	no
52	Götz			no
53	Deider			no
54	SCHLEGEL		yes	no
55	Franke			no
56	Veuskens			no
<b>Evaluate the development of companies.</b>				
57	Gärtner	slight growth	slight growth	slight growth
58	Köhler	stable	slight growth	stable
59	Felzmann	stable	stable	losing share
60	Schwanke	stable	slight growth	stable
61	Götz	losing share	stable	stable
62	Deider	stable	stable	losing share
63	SCHLEGEL	significant growth	slight growth	slight growth
64	Franke	stable		losing share

65	Veuskens	losing share	stable	slight growth
<b>How would you evaluate the strategy of the company?</b>				
66	Gärtner	expansive	expansive	expansive
67	Köhler	slow growth	slow growth	expansive
68	Felzmann	maintaining share	maintaining share	maintaining share
69	Schwanke	slow growth	slow growth	slow growth
70	Götz	maintaining share	maintaining share	maintaining share
71	Deider	maintaining share	maintaining share	passive
72	SCHLEGEL	slow growth	slow growth	expansive
73	Franke	maintaining share		passive
74	Veuskens	maintaining share		slow growth
<b>How companies acquire items for auctions (buying or mediation)?</b>				
75	Gärtner	more by buying	more by buying	about the same
76	Köhler	about the same	more by buying	more by mediation
77	Felzmann	more by mediation		more by mediation
78	Schwanke	about the same	more by buying	about the same
79	Götz	more by mediation		more by mediation
80	Deider	about the same		primarily by mediation
81	SCHLEGEL	more by mediation	more by buying	about the same
82	Franke	more by mediation		primarily by mediation
83	Veuskens	more by mediation		more by buying
<b>Additional</b>				
84	<b>What protals aggregating items German customers use?</b>	Most use PhilaSearch.com	Germany's only Philasearch	Mainly Philasearch
85	<b>How much do you think it would cost to buy the German company?</b>	but if it was in any of the above firm and certainly several million €.	certainly not a large sale because someone else has already bought .... small company could be bought for around 200,000 euros	the company must evaluate yield way should gain x 10? Weltphila Nurnberg .EUR 1 mill. Kohler .....30 millions EUR