

# VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ

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FACULTY OF BUSINESS AND MANAGEMENT INSTITUTE OF ECONOMICS

# PROPOSALS OF COMMUNICATION MIX FOR CHOSEN EVENT IN TOURISM OPEN CELLARS

NÁVRH KOMUNIKAČNÍHO MIXU VYBRANÉ UDÁLOSTI V CESTOVNÍM RUCHU – FESTIVAL OTEVŘENÝCH SKLEPŮ

DIPLOMOVÁ PRÁCE MASTER'S THESIS

AUTOR PRÁCE Bc. EVA CIMBALNÍKOVÁ AUTHOR VEDOUCÍ PRÁCE doc. Ing. JAROSLAV SVĚTLÍK, Ph.D. SUPERVISOR

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#### Abstrakt

Tato diplomová bude zaměřena na komunikační mix vybrané události (eventu). Touto událostí je "Festival otevřených sklepů", pořádaný neziskovou organizací Nadace Partnerství, o.p.s. ve městě Znojmě v dubnu 2010. Cílem je kriticky analyzovat stávající komunikační mix, předložit návrhy na zlepšení současného stavu. Přínosem po případné implementaci závěrů mé diplomové práce by mělo být zvýšení návštěvnosti následujícího "Festivalu otevřených sklepů" na podzim roku 2010.

#### Abstract

This diploma thesis will be focused on communication mix of a chosen event. That event is "Open Cellars Festival", organized by non-for-profit organization "Nadace Partnerství", o.p.s. in town of Znojmo in April 2010. The aim is to critically analyze contemporary communication mix and offer suggestions for its improvement. The contribution after possible conclusion implementation of my thesis should increase attendance of consequential "Open Cellars Festival" in autumn 2010.

#### Klíčová slova

marketing, komunikační mix, public relations, reklama

#### Key words

marketing, communication mix, public relations, advertising

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# Čestné prohlášení

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V Brně, dne 30. srpna 2010

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Podpis

# Poděkování

Na tomto místě bych ráda poděkovala vedoucímu mé diplomové práce panu doc. Ing. Jaroslavu Světlíkovi, Ph.D. za připomínky a rady, jimiž přispěl k vypracování této práce. Dále děkuji Ing. Juraji Flamíkovi z Nadace Partnerství, za veškerý jeho čas a poskytnuté informace, bez nichž by moje diplomová práce nemohla vzniknout.

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# **1** Introduction

With no difference from the other business fields, also marketing communications are nowadays affected by new technologies and by multiplied flow of information. This situation brings some upcoming questions, both for consumer and producer: how the consumer can protect him/herself from excessive information pressure and how should a producer communicate information (a message) they wish consumer would receive?

Communication tools are intermediates in a process of spreading message into target places, to target receivers (prospective customers). The range of tools which can be used is wide, each of them with different effectiveness and costs. Logically, this fact determinates their utilization – in other words – if the tool will be used by an organisation (sender) depends on demands on the final effect the communication should cause and on financial potential of the organisation. The choice of communication tools that are introduced in the theoretical part creates what professionals call communication mix.

This thesis is dedicated to the area of marketing communication in tourism, specifically wine tourism in region of South Moravia. In my master's thesis I am determined to identify communication tools used by PARTNERSTVÍ foundation for presenting Open Cellars Festivals held since spring 2009 until spring 2010, critically analyze them and to introduce my own proposals for the next Open Cellars Festival taking place in autumn 2010.

# **2** Definition of the Problem and Goals of Master's Thesis

# 2.1 The Problem

Marketing communication of services, especially in tourism and hospitality sector is specific as it will be shown later. A connection between tourism and winery has lately become a new trend – France, Germany or Spain already have developed sophisticated concepts of wine tourism, in the Czech Republic this new fashion can be observed for past few years and therefore patterns and forms of wine tourism are shaped nowadays.

Wine is a special product – as an alcoholic drink it is related with free time, relaxation and enjoyment. Wine has been grown in Czech countries since times of Roman Empire. In Middle Age wine was processed by monks and it served to ecclesiastic ceremonies (in Christianity, wine is what Jesus Christ called his blood). But wine becomes also popular in secular world. In modern period, Emperor Joseph II allowed private commercial wine production. In 1907 first expert wine magazine was issued. During the rule of communist party many originally privately owned wine yards were nationalized as other industries and agriculture. In 1990's new family owned wineries have been renewed and established and undertaking in winery become again a part of economy of the Czech Republic. [22]

This thesis focuses on particular territory of Czech Republic – South Moravia. Reasons why this part of the Czech Republic was chosen are more than clear – there are more than 16,000 ha of bearing wine yards in the Czech Republic, out of which 14,900 hectares are located in South Moravia region.

#### Table 1Harvest of bearing vineyards by regions in 2009

Territory, Region	Area (ha)	Yield (t/ha)	Harvest (t)
Prague	10	4,00	42
Middle Bohemia	315	4,15	1 306
South Bohemia	2	4,15	8
Plzeňský	0	4,00	1
Karlovarský	-	-	-
Ústecký	290	4,05	1 173
Liberecký	0	3,96	1
Královéhradecký	3	4,11	11
Pardubický	-	-	-
Vysočina	3	4,14	12
South Moravia	14 916	4,29	63 988
Olomoucký	6	4,04	25
Zlínský	544	3,99	2 169
Moravskoslezský	0	2,24	1
Czech Republic Total	16 089	4,27	68 737

Source: http://www.czso.cz/csu/2010edicniplan.nsf/p/2102-10

What is so special about wines from South Moravia? Above all it is their diversity of varieties. More than 57 wine varieties are grown here (listed in State book of wine varieties). For comparison in Germany it is 15 wine varieties. Moravian wine region is composed of four sub-regions – Znojmo sub-region, Mikulov sub-region, Slovácko sub-region and Velké Pavlovice sub-region (see Appendix 1). Global interest for wine rises annually and the market in the Czech Republic does not seem to stay aside – which is documented by new mergers between wineries, numbers of new wine yards and all together grown in demand for wine and wine consumption which rose more than one third since early 90's. [5] Average consumption of wine in 2009 reached 20 litres per capita in the Czech Republic.<sup>1</sup>

1

http://ekonomika.idnes.cz/lide-v-krizi-kupuji-vic-vina-misto-restauraci-vsak-piji-doma-pl1-/eko-zahranicni.asp?c=A100118\_164310\_eko-zahranicni\_hol

In the past years winery made its way in the field of tourism. Especially this was significant in the region of South Moravia.

Today there are held many events connecting tourism with wine tasting – from local and small festivals organized by one of many traditional wine villages to popular and big celebrations covered by national wine associations.

Wine lovers have already found their ways to wines of the highest quality – they regularly visit above mentioned events (the high season in South Moravia lasts from spring till late autumn) in order to discover new wine producers, not only by reading their names on the vignette but also by long conversations over the most delicious wine samples while tasting them in a splendid cellar where the wine is presented always interestingly and colourfully by enthusiastic sommelier. Successful wine producers learn how to address new customers, the biggest and best profitable ones can depend on their own abilities, smaller (most wineries in South Moravia are still family sized businesses) than turn their attention to wine associations and organisations.

One of such organisation is PARTNERSTVÍ foundation – Czech leading foundation of that kind, originally supporting sustainable development projects in all regions of the Czech Republic. Missions that the foundation achieves are awarded by grants under special programs. Open Cellars Festival (further OCF) represents one of those projects. It firstly took place in spring 2009. The basic concept of OCF is to present local wines of smaller producers consolidated into one event several times per year, each time dedicated to another wine sub-region. OCF lasts for two days during which visitors meet wine producers, taste selected wines of a premium quality grown in the particular sub-region, accompanied by traditional cuisine and folklore arts.

From the economical point of view OCF has gone through development – for the first OCF held in region of Modrá Hora was predicated visit of at least 1000 guests so the event could have met its break even point and all the invested financial resources would have been returned. This did not happen. Total number of guests did not even reached 300 which meant a loss, especially due to expenditures inserted into rich accompanying

cultural program. Foundation's management felt the main failure in lack of experience and wrong choice of communication media. Second OCF took place in summer 2009 in area of Podluží. Slight growth in attendance was noticed, but still remained in "red numbers" with a loss. The change came across mainly thanks to new sponsors who offered financial support to PARTNERSTVÍ foundation. New website was introduced as well. Increasing character continued in numbers of visitors of last two OCFs, where the last OCF was eventually profitable with more than 1,200 guests. One of the reasons of the success was reduction in number of open cellars – from 44 wineries presenting their wines during the first OCF in Modrá Hora to 30 wineries cooperating in the last OCF held in town of Znojmo and its closest surroundings. However the characteristic of the festival has been forced to change. From the original idea of wine tasting in cellars with gourmet and cultural experience remained just the first part. Gastronomic and folklore programs were much reduced. Also the intention of four festivals taking place four times per year have been left – winter OCF in 2009 was cancelled as well as following summer 2010 festival.

The problem which arose can be formulated as a question: What were the main failures in promotion of Open Cellar Festival? And other questions follow: Was the target customer chosen well? Was the communication mix effective?

#### **2.2 Goals of Master's Thesis**

To set objectives of my master's thesis means to try to answer above asked questions and to find a solution for the situation which will result in proposals of effective communication mix for Open Cellars festival that would help to make the event profitable, i.e. will mean growth in numbers of visitors. I would like to offer my proposals to OCF management both for the next festival that will be held in autumn 2010 in town of Kyjov and for the Festival as a whole concept. There are two levels of goals I would like to attempt in my master's thesis:

1) <u>Main goal</u>

As a main goal I have set proposal of new communication mix for Open Cellars Festival (as mentioned above).

2) <u>Supportive goal</u>

In order to reach the main goal, supportive goals have been set – to determine a target customer of the Open Cellars Festival, who will be the receiver of the whole marketing communication and therefore will be critical for designing effective communication mix.

To fulfil both levels of thesis' goals, I would like to analyze used communication mix by PARTNERSTVÍ foundation in order to find blank spots. I will follow Kotler's steps for designing effective communication, I would like to find solutions that will also correspond to budget for marketing communication of Open Cellars Festival, introduce and analyse particular tools with justifications of my choice.

# **3 THEORETICAL BASE OF MASTER'S THESIS**

# **3.1 Marketing**

Marketing is a business term. The function of marketing is to satisfy concern of purchasers (customers) and sellers situated on the market by interchange. It includes promotions of products, advertising, pricing, distribution channels, and branding. [11]

According to the American Marketing Association (*AMA*): "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders." [1]

Modern definition of marketing includes also wars among companies of customers.

# **3.1.1** Importance of Marketing for a Company

Marketing helps a company to:

- understand the market
- have good knowledge of customers
- establish product evaluation in a relation to competing products
- support sales
- recognize competitors, etc.

This is possible thanks to specific tool used by marketing:

- demand creation
- market surveys
- production planning
- promotion of products and services

Nowadays, for the companies it is not beneficial only to generate a profit, but mostly to survive. Planning and managing for decades becomes more important as a mean of coping with a turbulent business environment [6]. Strategic planning needs to be present in every business. Marketing concept stresses that customers are the focal point of strategy [10]. The goal is to create a strong relation with the customer (one of the most used tool is a concept of CRM – Customer Relationship Management).

#### **3.2 Marketing Mix**

Marketing mix represents the classical approach to Marketing. The first mentions about marketing mix were identified by Prof. Neil Borden, Harvard Business School in 1960's in his research on successful companies' promotion of their products. Prof. J.E. McCarthy assumed that the content of Marketing mix is made up of four elements, known since then as 4 Ps:

- product
- pricing
- promotion
- placement [15]

As was mentioned before, this approach went through many changes and modifications until now. Today some marketing professionals are talking about theory of 7 Ps by adding more 3 Ps:

- people
- process
- physical evidence

Marketing mix in this case is a very useful tool in setting marketing objectives and strategies. Marketing today is more focused on relations to customers, as long as they can be. Among one of the most important tools we count CRM.

Another customer oriented marketing idea describes concept of 4Cs (contrary to 4Ps):

- customer benefits
- total Customer Costs
- convenience
- communication

# **3.3 Managing Marketing Mix**

Marketing management has got three functions: analysing, planning, implementing and controlling. To meet its objectives a company should not underestimate any of them. First of all a strategic plan in broaden context has to be prepared. The plan than is implemented and control consists of evaluating marketing activities and as a reaction and if necessary modification of the activities is made. [11]

# 3.3.1 Marketing Analysis

Analysis of the whole situation should be the first step -to uncover business opportunities a company needs to analyse the market (both macro and micro environments, competitors) as well as its own situation within the market and own strengths and weaknesses.

#### **3.3.2** Marketing Planning

At this point management makes decision on the specific ways for meeting objectives of the plan, i.e. offspring of marketing strategies.

#### **3.3.3** Implementation

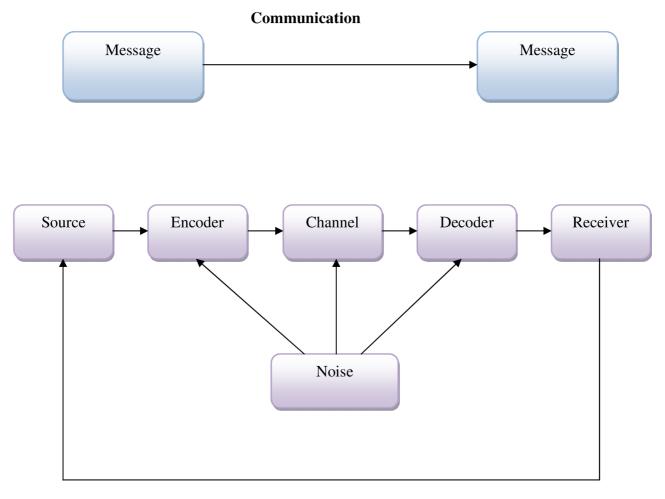
All marketing strategies are realized. Marketing activities correspond with strategies in order to fulfil objectives, moreover implementation eventually shows how realistic and relevant the strategies and goals are. [19]

# **3.4 Marketing Communications**

Marketing communication is focused on spreading information about products/services to public (prospect customers), image creating and filling up a market loop. This basic view is today extended to see marketing communication as a long term process in order to manage customers' purchases in all phases – before and during purchase action, during and after consumption. As people (customers) differ, communication should differ for each target groups as well [11].

The general core of communication is to transfer a message from the transmitter to receiver. Communication is determined by the receiver (not only final customers but all stakeholders – see Appendix 2), the characteristics of the message and by the form of communication (further on in chapter "Communication Mix"). Scheme of communication is depictured in Picture 1 based on Shannon-Weaver's model of social communication.





Feedback

Kotler describes this model as following: An individual or an organisation plays a role of a source (transmitter) – creates a message and its content. The source is obliged to precisely know the receiver and the reaction the message have to induce (marketing communication should have be part of strategic aims of organisation, thus the effect of the communication should be stated – for instance profit growth, gain of bigger market share, increase in number of visitors, etc.). The transmitter encodes the message in such a way that corresponds with usual mean of decoding the same message. The message should be spread via most effective communication channels and consequently received and decoded by a receiver. As the result a feedback loop is created – the receiver reacts to the message. The whole process of message transfer is affected by communication noise. [14]

Communication noise is what is added to the message during its transfer and reception; anything, what have not been transmitted but makes decoding more complicated.

Types of noises:

- a) <u>semantic</u> caused by unfamiliarity with symbols leads to distortion in the whole communication process,
- b) psychological
  - selective exposure receiver faced to such a communication that is in favour with his/her personal attitudes,
  - selective perception receiver perceives only new, unexpected opposed communication,
  - selective retention receiver tends to recollect only information that are in favour with and strengthen his/her attitudes and displaces information that are opposed to his/her attitudes,
- c) <u>technical</u> to the process of communication is technically added unwanted and unmeant information. [18]

# **3.5 Communication mix**

Presently there exist five attitudes in marketing communication and promotion (presenting product and services to public):

- Advertising
- Public Relations
- Sales Promotion
- Personal Selling
- Direct Marketing

Recently has grown the meaning of communication via sponsoring. Besides these classical approaches are often used some alternative ways, such as e-commerce, guerrilla, digital, viral marketing, event marketing, known as *new media* 

# 3.5.1 Advertising

According to International Chamber of Commerce is advertising characterised as "a commercial communication of a particular sponsor, who uses a variety of communication platforms such as press, radio/television broadcasting, billboards, satellites, the Internet, etc. in order to address to a specific audience – i.e. customers." [15]

Advertising represents therefore products in interesting way via appealing on human senses, with a use of following instruments (mostly their combination):

- press advertising
- TV commercial
- radio commercial
- outdoor advertising
- cinema commercial

Among the main benefits of advertising belongs at the first place broadness of target groups of receivers. Dark side of this fact is cost of such effective advertising. Not for all businesses and marketing purposes is therefore suitable every type of advertising. Another advantage of advertising is possibility of repetition – the message can be repeated more times again via different media. Measurement of advertising effectiveness is a complicated process, because aims of advertising have mostly log term characteristic. Choice of most appropriate advertising strategy is necessary.

#### **3.5.2 Public Relations**

Public relations (PR) are the practice of managing the flow of information between an organization and its publics. Public relations (PR) are an umbrella term – it provides a cover for many areas and functions. In the most important we count:

- community relations
- customer relations
- consumer affairs
- employee relations
- industry relations
- international relations
- investor relations
- issues management
- relations with media
- member relations
- press agency
- promotions
- publicity
- public affairs
- shareholder relations
- speechwriting
- visitor relations [12]

The function of PR is in literature seen as giving the public the permission to believe your message and consider it as valuable and trustworthy. However there exist many misunderstandings and inaccuracies among public when it comes to definition of PR (very often mistake is that PR is the same as *publicity* and its only function is generating attention in the mass-media). Even more marketing and PR experts still can't agree whether PR is an art or science. A lot of them assume that is an intersection of both.

#### 3.5.3 Personal Selling

Cant and Herdeen (2005) define personal selling as a process of person-to-person communication, where one side is represented by a sales person and the other one by a prospective customer. The role of salesperson is to learn about the needs of customer and to satisfy them in such extension as possible (for customer that means to buy service or product). To succeed, salesperson uses persuading techniques. Personal selling is seen as the most effective marketing communication tool, it helps to build on long term partnerships and mutual beneficial relations. [3] The importance of personal selling is vital for area of tourism, services for free time activities and hospitality.

#### **3.5.4** Sales Promotion

Sales promotion is determined by limited time of their application, their main aim is to strengthen customers' attention, stimulate demand or provide higher availability of a product to consumers. They can be addressed to either end customers or distribution channel members. The most used are point-of-sale displays, coupons, loss-leaders, reward programs, price deals, etc.

#### **3.5.5 Direct Marketing**

Direct marketing uses all the impersonal means of communication, such mail, e-mail, phone in order to communicate a message or information, acquire responses and direct reactions from particular customers. Kotler describes direct marketing as addressed to a specific person(s), customer oriented, up-to-date and interactive.

#### 3.5.6 Sponsorship

Horner and collective (1996) describe sponsorship as financial or material support dedicated to specific event, activity or to an organization or a product. The receiver is usually obligated to display publically name or trademark of the donor. Sponsorship is very popular in arts, sports and culture. [9]

Every year many of most successful companies on the global market compete for the possibility to sponsor number of sport events – especially the year 2010 has been "rich" in this sense: Winter Olympic Games in Vancouver and FIFA World Championship in S.A.R. could stand for the biggest (in financial terms) of all events taking place this year.

Sponsorship means an opportunity to emphasize image and popularity of the trademark, for the receiver on the other hand indispensable help. Thus sponsorship has become a big global business in deed.

#### 3.5.7 New Media

New Media marketing has recently made a progress with the offspring and fast spread of new technologies like the Internet. It allows approaching a prospective customer via interactive way. Marketing professionals agree that meaning of new media will intensify in future and will have a huge impact on the whole concept of communication mix. New media offer new information opportunities, they work within dynamic environment. The Internet brought along new tools: e-commerce, blogs, RSS, Web video presentations, podcasts, etc. World witnessed boom of Internet advertising – omnipresent banners (line advertising).

According to research published by Trend Marketing magazine in January 2006, there exist following possibilities of Internet Marketing:

- web assessment studies
- Online presentations, Web design
- Micro-site (flash presentations)

- consumers competitions and games
- e-mail marketing
- online campaigns
- browser advertising
- data mining
- viral marketing, blogs, etc.

That New Media represent a strong marketing tool confirm increasing popularity of social nets applications – above all Facebook, working on a principle of sharing personal data among users connected online, thus creating and developing social nets. Facebook users publish plenty of valuable information – preferences, habits, attitudes. They enable interactions between customer and seller. Advertising on Facebook becomes quickly sound area and still remains a market niche for many companies [6].

In his publication Dr. Frey (2005) published results of a research on the area of direct marketing conducted in cooperation with Federation of European Direct Marketing Forrester Research Company addressed to 124 European marketing agencies. Research showed that 47% of marketing budgets of explored companies is spent on new media like websites, e-mails and mobile marketing. The Internet offers a place for banners and interactive adverts. Frey further states that traditional media will continue on loosing their power, however for instance television is still the best way how to establish and develop brand image.

Another survey by Direct Marketing Association in the USA supports the meaning of new media – the survey shows that e-mail communications have better return on investment than direct mail or telemarketing which is possible thanks to higher effectiveness and accuracy of such channel.

# **3.6 Viral marketing**

Viral marketing is type of marketing skill for making customers to spread information about a product/service among them, thus is relatively low cost way of marketing. Professionals distinguish between two types of viral marketing - "pas-along" and "friend-tell-a-friend" marketing. Both exist in passive and active forms. Passive form does not tend to influence customers' behaviour and just depends on customers' references and contrary active form affect customers' behaviour by viral messages in order to increase sales or brand consciousness. Vital is that the message should have outstanding a buzzing content, so the customers' spread it spontaneously with their own means. Again the Internet is highly shaping medium. I would like to present two wellknown examples of intermediates - Facebook and You Tube. As it was already mentioned above in this text, Facebook is global social network (similar to Twitter or My Space) having more than 400 million users all over the world in 2009 and being 5<sup>th</sup> most frequently visited web page on the Internet. Facebook developers describe the mission of their social service as: "Giving people the power to share and make the world more open and connected. " And the practice just confirms this statement. Speed in information sharing was never faster. Users deliberately publish personal data, including dates of their births, marital status, names of children, employment relations, education history and even more. But they are also keen to present what they like (or dislike) willing to spread their opinion literally globally. [8]

This is what makes of Facebook an excellent tool for viral marketing. The nature of Facebook is to transfer information to as many people as one user has on his/her "friend list", thus all receivers of the information become parts of a communication channel and can (and they do) spread the information forward to their Facebook friends. Facebook offers creation of fan pages, posting of events, puts together people of particular interests into groups, etc. Described principle of Facebook functions creates a cheap and highly effective background for viral marketing in deed. An example can be found in present Czech situation (this thesis is being worked out before, during and shortly after national parliament elections): how easy is to create a fan page of a politician who is in the nomination for elections containing fresh news, interesting moments and highlights of his/her campaign? We are witnessing daily increase of members (fans) of such pages. The main advantage is unique: it does not even have to look like an intended political campaign. The impression from described fan pages is that they were created by

someone who stands outside political environment, for example by an ordinary voter – such promotion is effective and cheap.

Another globally used Internet medium is You Tube – a video-sharing web site, presently operated by Google, Inc. as its subsidiary, "allowing its users to upload, share and view user-generated video content, including movie clips, TV clips, and music videos, as well as amateur content such as video blogging and short original videos. Most of the content on YouTube has been uploaded by individuals, although media corporations including CBS, the BBC, UMG and other organizations offer some of their material via the site, as part of the YouTube partnership program." [20]

The main feature of You Tube is an opportunity for anyone to post a video that can be watched by millions of its users worldwide. For many people You Tube become a symbol of freedom of speech and democracy. Its meaning and power illustrates many using limitations and abolishment from the side of non-democratic governments like China, or problems that occurs in plans to created a Turkish local version of You Tube (Turkish authorities asked for videos being a subject to Turkish law as according to them You Tube publishes materials offensive to Muslims). [4]

Similarly to Facebook You Tube spreads information fast and effectively. Many organisations took therefore an advantage. Thanks to You Tube for instance TV commercial do not only have to be broadcasted for prepaid time on TV but for free can be uploaded by users while fulfilling the principle of viral marketing (purpose publishing of profit making organisations are subject to You Tube partnership Programme). Many commercials thus are being watched globally instead of their appearance on local/national televisions with thousand new viewers daily.

# **3.7 Marketing Communication of Services**

The most obvious difference between products and services lies in intangible character of services. More than in marketing of products symbols play their important role. Other two features can be found – services are non – detachable, i.e. personal selling is

considered to be crucial. Secondly services are transient and therefore organisations undertaking services need to stabilise demand. For instance in hospitality sector hotels offer special bonuses to their guests in form of numbers of discounts, extra services or loyalty programs during the low season.

Practice has proved that viral marketing (in form of references and customer satisfaction) is an important tool in marketing of services, maybe more than in other businesses and success or failure of an organisation can depend on it. We can find evidence in our everyday lives. Gourmet dinner in a fancy restaurant, with professional and neat staff and pleasant environment will almost automatically have an extra effect – satisfied guests will recommend the restaurant to their friends, colleagues or relatives (mouth-to-mouth marketing or tell-a-friend marketing) with no invention from the side of the restaurant's management which eventually can be cheap and effective way of marketing communication. Here must be emphasized the meaning of high quality.

#### **3.8 Creating an Effective Campaign**

As was already mentioned above, marketing communication would be ideally seen as a complex activity of an organization [11]. To create an effective campaign therefore demands more or less scientific approach. Organizations often (mainly in Western Europe and US) search for a help and advices of communication agencies that are able to design tailored campaigns for their clients. Anyway organizations which decide to use services of communication agencies should be able to closely cooperate with professional marketers. Horner and Swarbrooke list following information to be approachable to communication agencies:

What is the target of a campaign?

How big is the budget?

What exactly is expected from the communication mix?

Who has to be addressed? Who is the target customer?

What is the most important message a target customer should learn from the campaign? Any other relevant information. [9]

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Without ability to answer these questions the campaign can happen not to meet desired objectives.

Kotler claims that to come up with effective communication organisations have to follow several steps:

- 1) Precisely determine receivers of communication
  - i.e. establishment of target markets, segments and customers with their characteristics
- 2) Settle aims of communication
  - i.e. decision on required reaction to the communication, where purchase is the final act
- 3) Create a message
  - i.e. to create an effective message which will attract attention, maintain interest, induce desire and provoke action = AIDA model
- 4) Choose the means of communication
  - i.e. the choice of media for communication
- 5) Work out budget
  - different organisation create budgets by different methods
  - promotion should be seen as investment (still ignored by many organisations)
  - budget can be deduced as a percentage rate of annual profit, campaign costs of competitors, historical campaign budgets, costs that an organization is able to dedicate or cost that are deduced from the targets of the campaign.
- 6) Decide on appropriate communication mix
  - organisation have to divide budget on promotional tools (see independent chapter following)

- 7) Measure the results of marketing communication
  - i.e. conduct a marketing research was the communication successful?
  - there are many ways how to evaluate the campaign, for instance growth in profits, customers' feedback or ratings with information spread scale
- 8) Manage and coordinate the process of marketing communication
  - communication needs to be complex, for instance can be reached by implementing integrated marketing communication framework

#### **3.9 Marketing Research**

The purpose of marketing research is to appreciate the actual performance of the organization, opportunities and helps to improve effectiveness of marketing.

Marketing research should give us information about activities and plans of competitors, macroeconomic environment and its dynamics, customers' feedback. A survey can be of two forms – quantitative (collection of facts and numbers) and qualitative (seeks for reasons, impressions, and attitudes). Complications can occur due to relatively poor numbers of empirical evidences for customers behaviour patterns; they can differ among regions, groups of customers. Marketing management tends to use own subjective views and experience. [11]

# **4 PROBLEM AND PRESENT SITUATION ANALYSIS**

# **4.1 Institutions**

Analysis of present situation of winery and wine tourism in the Czech Republic should start with list of official covering institutions and short descriptions of their main functions. Among most influential we count:

- 1. Svaz vinařů České republiky (Union of wine producers of the Czech Republic)
- 2. Vinařský fond České Republiky (Wine Fund of Czech Republic)
- 3. Národní vinařské centrum (National Wine Centrum)

From the legal point of view other institutions and bodies have are partially engaged in formal winery activities – Central Institute for Supervising and Testing in Agriculture, Czech Agriculture and Food Inspection Authority, Ministry of Agriculture of the Czech Republic, etc. However these institutions are responsible for legal frames for wine growing, quality control and agricultural trade rather than for activities such as tourism. For purposes of this master's thesis I would like to describe functions and main activities in field of wine tourism of above listed four institutions.

# 1. Union of Wine Producers of the Czech Republic

Established in Velké Bílovice in 1993 the Union's mission is to defend interests of Czech wine producers both in the Czech Republic and abroad. The Union also collaborates on legislative process of "winery law" and related regulations of the European Union. Members of the Union are physical entities and corporations undertaking in winery and small wine-growers.

# 2. Wine Fund of the Czech Republic

Wine Fund was established as a corporation situated in Brno. The fund has many functions among which belong above all marketing support activities, trade, legal protection of brands and certifications of origins, offers information about winery and wine growing business, supports winery development and encourages wine tourism of the region.

#### 3. National Wine Centrum

Institution with headquarters situated in Chateau Valtice promotes the idea of development of winery in the South Moravia region as its main mission. The Centrum is financed by European Union and Czech Ministry of Agriculture. Activities are as following:

- Organizing of the competition Salon Vín (Wine Saloon),
- running of permanent wine exposition with wine-tasting in Chateau Valtice,
- holding numbers of seminars and workshops for public and professionals,
- editing an expert literature,
- administrating of the national winery web site <u>www.wineofczechrepublic.cz</u>,
- cooperation with Wine Fund of the Czech Republic in field of promotion and support to Moravian and Bohemian Wines. [21]

Beside government ran institutions and legal bodies, there exist a group of non-profit and non-governmental organizations. Their benefit to field of winery and above all to wine tourism cannot be overseen. PARTNERSTVÍ foundation is one of these institutions. Consequent part introduces firstly recent development in wine tourism in South Moravia and then Open Cellar Festival as the main event supporting wine tourism of the foundation.

# 4.2 Recent development in wine tourism

For the era of past ten years is typical expansion in numbers of events related to wine tourism. The beginning of this time interval is almost incomparable with present situation. Rising character is most evident in last two years, when the number of events almost doubled. This was mainly allowed by huge support of National Wine Centrum and Wine Fund who invest most of its financial resources into marketing activities by dislocating these sources among registered events in the region. Inspiration for the idea had been found in Austria, country typically connected with wine and festivals with long tradition (the difference between Austria and Czech Republic is emphasized by existence of free trade market in Austria au contraire to decades of communist regime in the Czechoslovakia that ruined any attempts for cultural growth not only in viticulture).

Another element which positively affects wine tourism is higher loyalty and engagement of wine-growers. Many of them realized that not only sole wine growing is enough in present business competition. They have put more effort to marketing activities as well – mainly larger producers, corporations are able to actively participate in wine region promotion. Smaller wine-growers are learning the right way via cooperation with institutions such Wine Fund and National Wine Centrum.

As an example of events in wine tourism I list those that take place in summer 2010. The list includes wine expositions, competitions, open cellars in particular wine villages, wine harvest celebrations, and many others. In total it sums more than 90 events held in region of South Moravia. The seasonal differences have been diminished in past few years - more than 400 events related to wine has taken place during the year 2010 in South Moravia. [17]

How can a consumer distinguish between such amounts of events? How can the organizing institutions and collaborates effectively compete among themselves? The same question arose for PARTNERSTVÍ foundation in the last year when they decided to bring up own concept of Open Cellars Festival (OCF).

# **4.3 Open Cellars Festival**

#### 4.3.1 Vision

As a key vision, Open Cellars Festival (OCF) for its visitors would like to "be a parade and familiarization with specific wine region, its best wine-growers, their wines and local genius loci." This is seen to be achieved by tasting wine in its natural and original environment – in wine cellars. OCF should represent the high peak of the season, should be well known for its top quality with accompanying program, gently completing festival's nature. The original idea is to offer a unique experience for wine experts and businessmen as well.

According to its management, OCF has direct benefits for wine-growers:

- marketing opportunity
- taking part in prestige event (branding)
- chance to attract new clients

In case of meeting all above mentioned advantages, OCF is almost certain to be economically profitable event for both wine-growers and the hosting region too.

For PARTNERSTVÍ foundation, OCF means a way of entering the wine business and wine tourism market and corresponds with the foundation philosophy of balanced cultural heritage protection.

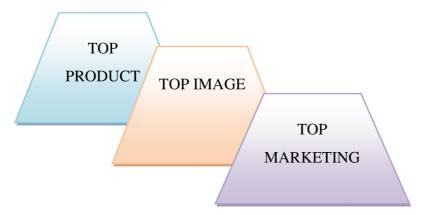
# 4.3.2 Strategy

OCF would like to fulfill following strategic goals:

- 1. high visitors satisfaction related to top quality experience
- 2. wine-growers satisfaction with marketing and financial benefits of the event
- 3. prestige and financial profit for the event organizer

To reach mentioned goals, OCF has chosen the strategy of differentiation – festival should be the top event in the area of wine tourism.

OCF should be based on three key pillars:



Among numbers of similar events annually taking place in South Moravia region, OCF can only be well distinguished when the *product* is seen as *the best* that a customer can buy. That means the wines, concept, events background ought to be of the highest quality as well as the accompanying program needs to impress visitors with its originality. Also the information about festival, its idea, concept, and practical instructions for both the visitors and wine-growers have to be of the highest quality too.

*Top image* is related to promotional part of the event. In order to address sophisticated (and also high demanding) clients, image of the best product of the "area" needs to be supported by corresponding promotion. The aim is to present OCF in such a way that customer will see it as a top event of the season. As the whole concept of the festival counts with a limited (or optimized) number of visitors the media for the communication should be selected carefully.

*Top marketing* aimed on addressing "top clients" – an endeavour to create a model of target marketing has to be realized. This requires above all precisely stated category of "an ideal client", i.e. target customer. Then a new communication campaign should to be designed, as the present is not enough effective. At this place I would like to refer to Kotler's frame and Horner and Swarbrooke's list of questions defining an effective communication campaign (Chapter 3.8). Again OCF's management has to revise answers for following questions:

• Who is the target customer?

Sophisticated, loyal and credible "wine lovers" who are keen to explore wine in its places of origin = wine cellars and thus willing to travel for a weekend to such places (South Moravia).

Wine experts and businessmen who see the festival as a unique chance to extend their knowledge of the market and opportunity to approach wine-growers, establish new business partnerships, etc.

#### • What is the aim of the communication?

The aim is to address target customers, who become loyal clients of the festival, to optimize and stabilize their number for each OCF (approximately 2000 visitors per one festival).

#### • What is the main message that is communicated?

> "There is a unique event offering top Moravian wines in places of their birth with rich cultural and gastronomic experience that a true wine lover can not miss!"

➤ "There is an event offering a unique chance to taste top Moravian wines in places of their origin and meet people who made them!"

Once the basic requirements are fulfilled consequent steps will follow – the budget has to be approved, communication media and the communication mix chosen, the communication implemented and managed and finally evaluate. The proposal part of this master's thesis will attempt to design an effective solution for all above mentioned steps.

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# 4.3.3 SWOT analysis

# SWOT ANALYSIS – OPEN CELLARS FESTIVAL

#### <u>Strengths</u>

- + Foundation's experience in wine tourism (Greenways, Moravian Wine Trails)
- + Wine Fund support
- + Good quality services
- + Solvent, sophisticated and enthusiastic clients
- + V.I.P.s' patronage

#### <u>Weaknesses</u>

- Insufficient information flow towards wine-growers
- Too specific and demanding requirements for wine villages
- Low attractiveness for experts and wine businessmen
- Ambiguous target marketing
- Low effectiveness of current communication mix

# **Opportunities**

- Increasing demand for quality wine and growing number of "wine lovers"
- Cenius loci" of hosting locations (folklore, tradition)
- Attracting wine experts and businessmen by "adding extra value"
- Long-term cooperation with wine-growers via marketing support
- $\aleph$  Consolidation of services

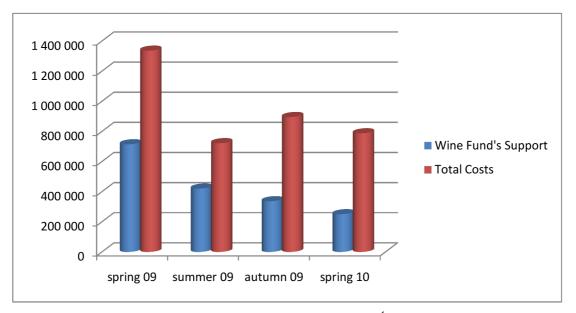
#### **Threats**

- Growing number of similar events in the region
- Outflow of wine-growers and clients due to wrong or inaccurate communication
- ●<sup>™</sup> Contracts infringement by wine-growers
- ●<sup>™</sup> Client insufficient loyalty

According to SWOT analysis Open Cellar Festival can build on several strong points. The first is relatively long experience in organizing other events concerning winery. For years PARTNERSTRVÍ foundation contributes to the region of South Moravia with projects as Greenways and Moravian Wine Paths. They ore focused on "wine on bike tourism". Greenways developed a network of cycling paths across the whole Czech Republic. In the region of South Moravia Greenways are formed to 1200 km long Moravian Wine Paths – cruising the landscape of wine yards and cooperating with 280 wine villages.

Support from the side of Czech Wine Fund can not be underestimated. Above all it means to OCF remarkable financial source. Graph 1 shows development of the Fund's support for all the OCFs that already took place. The graph compares Fund's contribution to total costs (second part of financing is own incomes from the event – generalized mainly by tickets sale).





Source: Nadace PARTNERSTVÍ

Another support is of non financial nature – it is a patronage of V.I.P.s. and specialist media among whom are for instance professor Vilém Kraus (Czech best-known and

successful viticulture expert). Patronage of such personality gives to OCF glance of real top event of the season and therefore contributes to promotion of OCF.

Among weaknesses of OCF can be count insufficient information offered to winegrowers and hosting villages. Often they do not understand the importance and benefits of OCF for them. Further weak point is OCF's ambiguous target marketing. This problem was present for first three festivals. The management could not agree on exact image of "ideal client" and the definition of such client. However during the last festival in spring 2010 executing managers realized a survey in order to identify present clients. The results show that 2/3 of visitors are over 30 years old, coming from farther parts of the Czech Republic, which eventually corresponds with the festival's vision. OCF marketing and communication should be now revised and tailored to attract such clients, which should diminish another weak point – not enough effective promotional campaign.

Using "genus loci" of hosting places can be a sound opportunity for the OCF. Attracting clients who come to the South Moravia region can be facilitate by offering "something more". Hosting places have always long tradition, folklore characteristic, thus can be nice places to visit not only for purposes of wine tourism. Developing long term partnerships with wine-growers means increase in reliability. For wine-growers long term cooperation represents a good marketing chance. OCF's management should find the way how to present the festival to wine-businessmen and expert as a prospective opportunity for establishing suppliers' relationships. And finally by consolidation of services OCF can contribute to region's economy and as a feed back to OCF itself (for example relating OCF to hospitality sector of the region).

A thereat is above all growing number of similar events. The list of those which have taken place in 2010 sums over 400 in South Moravia region. [17] Insufficient and ineffective promotion can cause in loss of loyal clients. During last festivals, the management had to face to several problems concerning cooperation with wine-growers. They deliberately infringed the contract which OCF subscribe with all participants. This had negative effect on the whole image of the event and therefore is dangerous for event's existence.

# 4.3.4 **Promotion and communication mix**

# Spring 2009

Location: Modré Hory (Bořetice, Kobylí, Velké Pavlovice, Vrbice) Date: 21.-22.3.2009 (Saturday+Sunday) Wine cellars participating: 45 Accompanying program: concerts, movie broadcasting, theatre, gourmet tasting Promotional materials:

A) Promotional materials distributed before the event

•	information leaflets:	basic information about the event 80,000 pieces, business card proportion
		distributed during touristic fairs in Brno and Prague,
		VINEX <sup>1</sup> , in wine specialist shops in Brno and Prague,
		local wine exhibitions, etc.
•	<u>A4 leaflets</u> :	basic information 300 pieces displayed in vehicles owned by City public
		transport Brno
•	A3 posters:	with detailed program information 10 pieces in Brno, 100 pieces in the region of South
		Moravia

B) Promotional materials serving as sources of information during the event

•	festival guide books:	complete information about the event, wine growers, the region 2,000 pieces distributed in the hosting place during the
		event
•	visitor's packet:	included a bag, a tasting glass, a guide book, 2 postcards, partners' promotional material and an entry strip (bracelet)
•	POS equipment:	included apron for wine growers, presentation boards and stands

C) Communication mix

•	website:	<u>www.otevrenesklepy.cz</u> – official web site of the event provides information for participants and visitors (about
		the region, event, program, transport, accommodation,
		FAQ, news; about organizers and president of the
		Festival)
•	adverts:	local press advertising (small size) in part of S. Moravia and Prague gourmet magazine (issued as a section of a national
		newspaper)
•	partner websites:	form of banners – outstand hostings on Seznam.cz, Czech Radio Brno

### **Summer 2009**

Location: Podluží (Kostice, Mikulčice, Moravská Nová Ves, Průšánky, Tvrdonice, Nový Poddorov)

Date: 20.-21.6.2009 (Saturday+Sunday)

Wine cellars participating: 44

Accompanying program: concerts, gourmet evening, Women&Wine

Promotional materials:

A) Promotional materials distributed before the event

•	information leaflets:	basic information about the event 80,000 pieces, business card proportion
		distributed in wine specialist shops in Brno and Prague,
		local wine exhibitions (Mikulov, Litoměřice), local wine
		tastings, etc.
•	<u>A4 leaflets</u> :	basic information 300 pieces in wine specialist shops
•	A3 posters:	with detailed program information 10 pieces in Brno, 100 pieces in the region of South

B) Promotional materials serving as sources of information during the event

Moravia

•	festival guide books:	complete information about the event, wine growers, the region 800 pieces distributed in the hosting place during the event
•	visitor's packet:	included a bag, a tasting glass, a guide book, 2 postcards, partners' promotional material and an entry strip (bracelet)
•	POS equipment:	included apron for wine growers, presentation boards and stands

# C) Communication mix

•	website:	<u>www.otevrenesklepy.cz</u> – official web site of the event provides information for participants and visitors direct link to on-line ticket sale ( <u>www.ticketstream.cz</u> )
•	adverts:	local press advertising (small size) in part of S. Moravia and Prague
•	partner websites:	form of banners – outstand hostings on Seznam.cz, Český Radio Brno

## Autumn 2009

Mikulovsko (1	Mikulov, Bavory, Perná)	
1718.10.200	9 (Saturday+Sunday)	
participating:	16	
g program:	concerts, gourmet evening, Women&Wine	
Promotional materials:		
	1718.10.200 participating: g program:	

A) Promotional materials distributed before the event

•	information leaflets:	basic information about the event 80,000 pieces, business card proportion
		distributed in wine specialist shops in Brno and Prague,
		local wine exhibitions, local wine tastings, by participating
		wine growers, etc.
•	<u>A4 leaflets</u> :	basic information 300 pieces in wine specialist shops and ticket distributor
		network
•	A3 posters:	with detailed program information 10 pieces in Brno, 100 pieces in the region of South
		Moravia

B) Promotional materials serving as sources of information during the event

•	festival guide books:	<ul><li>complete information about the event, wine growers, the region</li><li>950 pieces distributed in the hosting place during the event</li></ul>
•	visitor's packet:	included a bag, a tasting glass, a guide book, a postcard, partners' promotional material and an entry strip (bracelet)
•	POS equipment:	included apron for wine growers, presentation boards and stands

C) Communication mix

•	website:	<u>www.otevrenesklepy.cz</u> – official web site of the event
		provides information for participants and visitors
		direct link to on-line ticket sale (www.ticketstream.cz)
•	adverts:	local press advertising (small size) in part of S. Moravia

•	partner websites:	form of banners - outstand hostings on Seznam.cz,
		Czech Radio Brno

- <u>Wine Fund Campaign</u>:FOS as a part of advertised events in a supporting campaign for Moravian Winery
- <u>web presentation</u>: <u>www.wineofczechrepublic.cz</u> official website of National Wine Centre
- <u>press conference</u>: in Czech Tourism Centre (Prague); cooperation with town of Mikulov and National Wine Centre

# Spring 2010

Znojemsko (Dobšice, Hnanice, Nový Šaldorf, Šatov) Location: Date: 17.-18.4.2010 (Saturday+Sunday) Wine cellars participating: 30 concerts, gourmet evening, Women&Wine, sight seeing Accompanying program: Promotional materials: A) Promotional materials distributed before the event information leaflets: basic information about the event 15,000 pieces, business card proportion distributed during touristic fairs in Brno and Hradec Králové, in wine specialist shops in Brno and Prague, local wine exhibitions, local wine tastings, by participating wine growers,etc. A4 leaflets: basic information . 100 pieces displayed in vehicles owned by City public transport Znojmo

• <u>A3 posters</u>: with detailed program information 350 pieces in ticket distributor network, specialist wine shops,etc.

B) Promotional materials serving as sources of information during the event

•	festival guide books:	complete information about the event, wine growers, the region 1200 pieces distributed in the hosting place during the event
•	visitor's packet:	included a bag, a tasting glass, a guide book, a postcard, partners' promotional material and an entry strip (bracelet)
•	POS equipment:	included apron for wine growers, presentation boards and stands

#### C) Communication mix

•	website:	<u>www.otevrenesklepy.cz</u> – official web site of the event provides information for participants and visitors
		direct link to on-line ticket sale (www.ticketstream.cz)
•	advertising:	Radio broadcasting (regional and national) Press advertising (local, national – lifestyle magazines and
		newspapers)
•	PR releases:	in two waves (specialist magazines and websites)
•	gift vouchers:	250 pieces for strategic partners
•	press conference:	in Prague

#### 4.3.4.1 Comments on Promotion and Communication of the event

Analysing particular campaigns would show significant development mainly during the last OCF. The promotion of first two festivals in spring and summer 2009 suffered from insufficient financial sources invested into the campaign. Communication via the partner media was determined as barter trades enclosed thanks to personal relationships of festival's management. Press and radio advertising appeared in most cases in local media in South Moravia. Medial support was also of local nature, with the exception of the most popular Czech Internet searcher Seznam.cz. The final attendance of the first Open Cellars Festival was about 300 visitors and 400 in summer (optimized number for the first festival was estimated on 1,000 paying visitors). Those low numbers could not secure return of investments and therefore the first festival ended up in a loss.

#### Table 2Open Cellars Festival in Figures

	Spring 09	Summer 09	Autumn 09	Spring 10
Incomes	270 829	396 552	836 325	694 846
Wine Fund Support	714 285	420 168	336 134	250 000
Press advertisement	18 424	118 995	127 898	64 665
Video Spots	49 413	0	0	0
Radio advertisement	8 236	5 000	5 999	2 000
The Internet	50 659	0	216 713	0
Website	52 380	30 220	16 208	16 668
PR	0	0	0	11 832
Outdoor ads	17 600	0	0	0
<b>Total Campaign Costs</b>	196 712	154 215	366 818	95 165
Total Costs	1 335 878	721 692	895 162	787 378
Profit/Loss	-350 764	95 028	277 297	157 468

Source: Nadace PARTNERSTVÍ

Promotion of the Open Cellar Festival held in autumn 2009 slightly differed, thanks to two factors: a new form of support of the Wine Fund and National Wine Centre with opportunity to join the long term national wide marketing campaign <u>www.wineofczechrepublic.cz</u>, and intensifying PR activities (press releases and press conference in Prague). The attendance rose to over 700 paying visitors.

Spring festival in 2010 outstands at most. Internal changes in festival's management and promotion were seen. Typical is slight professionalization of the communication. The campaign was divided into two halves – the first took place in autumn 2009 and had to communicate special Christmas offer – half price tickets to the spring OCF. The second wave proceeded in March/April 2010 communicating the upcoming date of the festival. Both waves had both local and national character. The Open Cellar Festival appeared as a topic during a morning show broadcasted on Czech Television. National character increased when the festival had been mentioned in 24x national media (and 42x in local). The following table presents results of media monitoring.

#### Table 3Media monitoring of the Open Cellars Festival in spring 2010

Number of outputs	%
3	4,55
8	12,12
1	1,52
24	36,36
5	7,58
14	21,21
11	16,67
66	100,00
	outputs           3           8           1           24           5           14           11

Source: NEWTON IT 2010

The visitors' rate reached 1000 paying clients. According to visitors' questionnaire collected after the festival 64% clients came from Bohemia, 10% from abroad and 26% from Moravia. 40% of responding clients had learned about the festival from the Internet, 7% from the television and 53% received a recommendation from their friends and relatives. This uncovers that Open Cellar Festival has been recognized in public thanks to world-of-mouth marketing, respectively its unintentional form. Such facts confirm the importance and need of appropriate communication with loyal customers as a mean to establish "an ideal portfolio of clients" corresponding with the festival's vision.

# **4.4 Problems in present form of marketing communication**

To sum up difficulties and insufficiencies of the communication can be divided up to 3 categories:

#### 1) **Problems concerning target customers**

As a main and most obvious problem after an analysis of the campaign and interviews with festival's management arose a poor definition of a target customer. This was significant in the beginning – during first three festivals. This statement is supported by chaotic and inefficient communication. However after spring festival 2010, the picture

of an ideal client seems to gather more concrete features – so called wine lovers from farther parts of Czech Republic and from Slovakia (see again chapter *3.4.3 Strategy*)

#### a) <u>Localisation of the campaign</u>

All four campaigns took place mainly in the Region of South Moravia - leaflets distribution in wine villages, display of leaflets in Brno public transport vehicles or lately in Znojmo can not address clients from Bohemia or Slovakia. They were. Also to place promotional materials to the network of ticket distributor hardly finds a respond. A person (prosper customer) is usually determined to buy the ticket, so he or she knows already about the event and there is literally nothing to be communicated to him/her.

#### b) <u>Improper choice of some media</u>

This problem is again related to wrong localisation. Use of local media is not as effective as national; however local media can be beneficial in Prague or other Bohemian towns. For example in spring 2009 the management spent 9,000 CZK on advertisement in local cultural magazine in Havlíčkův Brod that is aimed on young people in the region of Vysočina. Here is important to remind lack of invested resources into the campaign as a whole. Last festival has shown step forward to lifestyle magazines which is a good direction to follow.

#### c) <u>Missed opportunities</u>

There are several chances that have high potential, mean relatively cheap mean of communication and had not been taken. Here can be count large wine events, such international competitions and exhibitions held in Czech Republic (VINEX, Wine & Distillates, etc.). Present attempts can be much extended; there is a lack of elements of event marketing, promotion in such places.

Another opportunity lays in closer cooperation with specialist wine shops – some of them have rich e-mail databases of customers, so can present an enormous

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communication channel. The collection of contacts is not well organised neither. Clients are not motivated for example to take newsletters; the structure of them is not elaborated and planned in time. From electronic channels is still ignored Facebook. However there was created a fan page called "Wine lovers of Moravian Wines" – this seems to have a poor connection with the festival. There is not a clear message communicated.

#### 2) The Internet problem

Official website has gone trough a development since its creation in January 2009. The first version was totally unsatisfactory – obsolete, not according to standards of friendly web design, confusing, of boring structure with too much text. Following upgrade of the website brought simplification, but still were not modern and user friendly enough. Last change came during past months. The website was reconstructed properly and more less corresponds with modern conception of web design.

To my opinion, the final version of the web site should have come earlier, because foregoing variants might have discourage potential customers who had problems to even find important information about prices, dates or details about the festival. This must have been even worse, as in the beginning the official website was the only communication channel.

#### **3)** Other problems

This edging category includes for instance wrong concept of some promotional materials – mainly small informational leaflets that were confusing as they informed about all the Open Cellar Festivals in plan and were not dedicated to each Festival separately.

Also there has not been created own media database for the Festival. The management uses a common database for the entire PARTNERSTVÍ foundation, which contents

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media that are on one hand of inappropriate nature and on the other hand miss media suitable to concept of the Festival.

To find a solution to above problems is an aim of consequent part of this thesis – Proposal of new communication mix that will correspond to Festivals target clients.

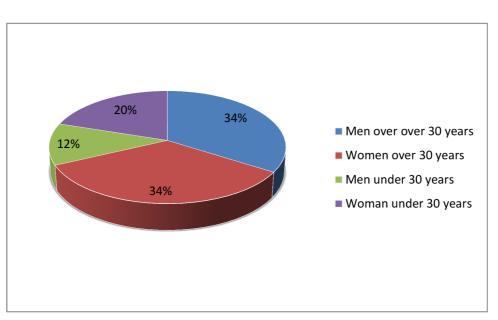
# 5 **PROPOSALS**

The proposal part of this master thesis attempts two dimensions – a revision of target group of customers which will be definitely identified and sole proposal of communication mix for next Open Cellars Festival. My recommendations are based on results of own surveys gained during author's internship in years 2006-2010 in wine specialist shop in Brno. Further secondary data were obtained from research taken by PARTNERSTVÍ foundation (visitors' questionnaire), MAFRA corp., Český rozhlas, Sommelier magazine and Facebook (references applied according to relevant standards).

# **5.1 Target customers**

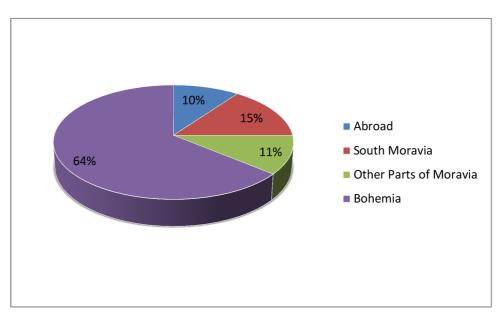
Not only according to Kotler [10] knowing the customer is a vital factor in designing effective communication mix. Pro customer approach places a client into the centre of all courses of events. Therefore the proposal part again and for the last time defines the ideal customer or target client for the Open Cellars Festival. He/she is the receiver of in the process of the communication, thus the message communicated and the channels used have to be tailored to this customer, with respect to expected results of the communication.

In the analytical part of the thesis such ideal customer is characterized as a sophisticated, loyal and credible "wine lover". However this represents a description offered by the OCF management. The management depictures the customer according to feedback to a questionnaire obtained during last OCF in spring 2010. Only two dimensions were examined in the questionnaire: the age and place of residence of visitors. Results are shown in two following graphs.



Source: Nadace PARTNERSTVÍ

## Graph 3 Customers – Place of Residence



Source: Nadace PARTNERSTVÍ

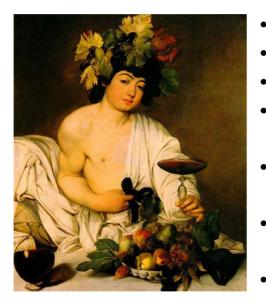
From the graphs we can celarly see, that 64% of visitors were over 30 years old, 64% of them came from Bohemia. Women slighlty (56%) exceeded men. However to identify

# Graph 2 Customers - Gender and Age

target customer, and more importantly to confirm whether the communication campaign addresses them should be propriate to add more surveing questions.

For that reason new reasearch wasimplemented. The aim of the research was to more precisely define a "wine lover", i.e. a prospective visitor of Open Cellars Festival. The research took place in spring 2010 in one of the most popular wine specialst shop that aims on interconnecting wine with art and organise many events of the nature simmilar to OCF. Therefore can be assumed that the typical customer of the shop might bear almost the same characteristics. This questionnaire can be found in Appendix 8. Consisting of 8 questions it gives more acurate picture of typical customer of the wine shop and thus also a "wine lover" can be easily idetified.

#### A typical customer:



- a man or a woman
- age 31 63 years
- higher education (academic)
- works as a administrative worker or selfemployed, entrepreneuring
- family monthly net income more than 21,000 CZK
- usually buys wine once per 2 weeks or once a week
- buys wine in a wine specialis shop
- has own experience with wine tourism

Together with the answers collected at OCF in spring 2010, a wine lover (target OCF customer) fulfils one more criteria – place of residence. Almost 2/3 visitors came from Bohemia.

## The image of an ideal customer of Open Cellar Festival is now complete.

# **5.2** Communication mix proposal

Suggested communication mix would be composed of subcategories as following:

- electronic media
- customer databases newsletters
- medial partnerships
- printed media
- Facebook
- sales promotion

Eventually the proposal would contain brief costs overview. Some parts of communication mix used for terminated festivals would be preserved; some would be replaced with more appropriate tools – always in respect to a determined target customer. The budget dedicated to Open Cellar Festival in autumn 2010 was set at 200,000 CZK, divided into 80,000 CZK for promotional consumption, i.e. promotional materials like informational leaflets, etc. Another 120,000 are intended for the marketing campaign itself.

# 5.2.1 Electronic Media

Advertising via electronic media can be a cheaper version to printed media, which is documented by the example of Czech most frequently, read national newspaper *MF Dnes*. Printed version has around 1,000,000 regular readers and offers news service both from the Czech Republic and abroad. The paper is daily issued with several sections such as Finance, Travelling, Sport, etc.

Prices of commercial advertising differ according to the position the adverts are displayed within the newspaper and the type of the advertisement. For instance an advert occupying 1/8 of the printed page costs approximately 65,000 CZK per day.<sup>1</sup>

# http://data.idnes.cz/soubory/mafra\_all/A100524\_TVE\_CENIK\_MFD\_LN\_2010.PDF

Electronic version of MF Dnes, *iDnes.cz* reaches 3,400,000 visitors per month and the opportunities for advertising are significantly wider than in a printed newspaper. This mainly counts for formats of the e-adverts. With the wider choice, the price can be optimised and especially for the purposes and affordability of OCF is more suitable.

# 5.2.1.1 *iDnes.cz* – *Travelling section*

- ? <u>The readers:</u>
- $\checkmark$  331,000 visitors weekly
- ✓ 92% Czech users
- ✓ 58% men x 42% women
- $\checkmark$  51% in age under 39 years
- $\checkmark$  26% academically educated, 45% secondary school with school leaving exam
- $\checkmark$  37% monthly net income more than 30,000 CZK
- ✓ 55% self-emloyed, entrepreneuring, administrative workers or top manageres and experts
- ? <u>Attitude towards electronical advertising</u>:
- $\checkmark$  more than <sup>3</sup>/<sub>4</sub> addressed visitors pays attention to electronic advertisements
- $\checkmark$  28% of addressed visitors clics on banners in order to learn more about the offer
- ✓ 71% admits they took concrete steps based on the interaction with an electonic advertisment
- $\checkmark$  51% visited advertised website
- $\checkmark$  24% bought directly the product or service via the Internet
- $\checkmark$  25% bought the product/service later [13]

#### **Suggestion:**

Commercial area "Super" 300x60 dpi (max 20kB) for 2 consequentional weeks. Cost per week: 25,500 CZK. Visualisation in Appendix 9.

## 5.2.1.2 Dama.cz – electonical lifestyle magazine

One of the pillars of each Open Cellars Festival is a special programme called "Women&Wine". As the name prompts the programme is dedicated to a feminine side of winery. It usually offers insight into connection between women and wine via art expositions, women wine growers, etc. The idea than is to address female visitors of the festival.

Dama.cz is lifestyle e-magazine with almost 17,000 visits per day<sup>1</sup>. The website is aimed on active women and is one of the most popular websites of such type in the Czech Republic.

#### **Suggestion:**

# PR article displayed at homepage and in a section. Price: 30,000 CZK per week

#### 5.2.1.3 Anticipated benefits – Electronic Media

According to case study by Daniel Mlynář, sales and marketing director of *Web Design Factory* online advertising (banners) is still very effective way of promotion: almost 60% of Internet users consider online advertising to be a good source of information moreover 80% of them click on banners. In the introduced cases, the access day rates of the promoted websites grew rapidly thanks to banners (linking). [16]

PR releases inform the public (prospective customers) of news related to the event. Online releases at *Dama.cz* would have similar effect as the banners at *iDnes.cz*, i.e. increase of visits of events official website *www.otevrenesklepy.cz*. PR online also allows to directly monitor the effect of the campaign and can serve as mean for collecting customers feedback. [17]

<sup>&</sup>lt;sup>1</sup> Source: NetMonitor online: http://online.netmonitor.cz/

## 5.2.2 Newsletters

A newsletter is a form of communication – a regularly distributed publication aimed on one key topic and selected audience [2]. For the purposes of Open Cellars Festival I suggest setting up cooperation with wine specialist shops in larger towns – Brno, Prague, Pardubice and Plzeň.

The chosen chops have to fulfil several criteria – their customers should correspond with the target customers of the festival (see chapter 5.1), the shops should posses own customer databases with e-mail addresses.

Such wine shops are for instance: Wines Home Prague

U zlaté koruny Prague Vinná Galerie Brno Vinograf Prague Kamelot Pardubice Le Bouchon Plzeň

#### Suggestion:

The idea is to use the potential of databases of the wine shops in terms of barter exchange. Chosen shops would publish two issues of newsletter bringing information about Open Cellars Festival. The first would have a form of informational leaflet (can be identical to used model of printed leaflets) – describing the event, with precise dates, locations, places of ticket sales, etc. The second newsletter would be part of shops' regular issues and can have a form of a banner.

**Costs**: depending on mutual arrangement between OCF management and the particular wine shop. Barter trade would offer free-entrance tickets (e.g. 5 per partner shop).

#### 5.2.2.1 Anticipated benefits - newsletters:

An example of already applied newsletter is issued by Vinná Galerie Brno. Their customer database contains about 2,000 e-mail addresses. The newsletter is being sent weekly usually informing of events taking place in the wine shop (regular wine-tastings) or events held by partner organisations. That means 2,000 wine lovers (target customers) are addressed by one newsletter. Responses of customers are positive and in the long term perspective document for the growing interest in such events.

#### 5.2.3 Medial partnerships

In the past, Open Cellars Festival succeeded in establishing partnership with various media, for instance Český rozhlas Brno, Brno Business, Travel Profi, Seznam.cz, etc. Named partners are mainly focused on the region of South Moravia, the cooperation has had characteristic similar to barter trading. For the purposes of the upcoming festival new partners should be found, especially those operating in Bohemia.

#### Suggestion:

• Český Rozhlas Praha

This national radio broadcaster is one of thematic radio stations of Český rozhlas. It brings home and foreign press service, information about cultural events, hobbies and free time activities. Listeners group comprises the whole family.

• Český Rozhlas Vltava

Another offset of Český rozhlas that can be tuned in the entire Czech Republic aimed on classical music and jazz with daily cultural service. Vltava also issues quarterly printed cultural magazine with a large events overview. Major listeners are people over 45 years and of higher education.

#### Radio Blaník

Radio Blaník operates on the Czech air since 1999. Nowadays it is a regional broadcaster having almost 1,000,000 listeners per week and thus is the most listened regional radio in the Czech Republic. For OCF can represent a valuable medial partner especially in Prague, middle Bohemia, east and west Bohemia, around large towns (Plzeň, Pardubice, and Karlovy Vary).

#### • Metropolis

Metropolis is a free distributed cultural service magazine issued every two weeks in Brno, mainly informing about events taking place in Brno and south Moravia. This year the magazine became one of medial partners for a competitive event taking place in September in Velké Pavlovice – annual wine harvest celebrations. Addressed audience comprise of people under age of 35 years.

#### 5.2.3.1 Anticipated benefits – medial partnerships:

Besides listed prospective partners the existing partnership should be maintain. Medial cooperation usually means a relatively cheap way of promotion with mutual advantage. Suggested media more correspond with target location of the campaign.

#### 5.2.4 Printed Media

Traditional printed media have their readers and even in the age of the Internet and digitalisation still plays a remarkable role in marketing communication. Two categories can be distinguished: newspaper and magazine. To the family of magazines are counted lifestyle magazines, expert periodic, cultural magazines, hobby magazines, etc. Magazines dedicated to winery have in the Czech Republic its tradition, among the best known belong Víno&Styl, Víno Revue, Sommelier, Decnater.

#### Suggestion:

#### <sup>1</sup>/<sub>4</sub> page advertisement in Sommelier magazine + PR release

As a representative of printed media I chose *Sommelier* magazine. The special feature of this magazine is that it is dedicated to wine lovers from the one side of the journal and to expert public on the second side (the magazine is de facto divided into two converse halves). The expert part is called *Revue for hotel and restaurant*. The magazine in cooperation with Czech sommelier association informs about wine competitions, exhibitions and other events. The readers recruit from professional sommeliers, F&B managers of hotels and restaurants, businessmen, wine producers and wine lovers.

**Price:** 10,000 CZK per issue<sup>1</sup>

#### 5.2.4.1 Anticipated benefits – printed media

Referring to the magazines nature it can shape a perspective communication channel with expert public. OCF target customers would be addressed – one magazine is usually read by 7 readers. Also the brand name of the festival can be strengthen as the magazine has a long tradition of 20 years at the Czech market and is positively welcomed by experts.

<sup>&</sup>lt;sup>1</sup>The magazine also offers a possibility to publish a PR release. The price of the advertisement is then 50% of the standard price plus a charge for the PR release set individually.

## 5.2.5 Facebook

This modern phenomenon was already introduced in the Chapter 3.6 *New Media*. Management of Open Cellars Festival has established a group (again see the Chapter 3.6) called "Lovers of Moravian Wines". Information at this web page has been updated 11<sup>th</sup> May and lately on 19<sup>th</sup> July. The group has 1,440 members and characterises itself as a party of proud lovers of Moravian wines and determined to inform about news in wine region of Morava.

#### **Suggestion:**

Weather rebuild existing group or create a new one. Important steps that should be taken:

- $\checkmark$  Rename the group to "Open Cellars Festival".
- $\checkmark$  Update the page more often.
- Create a concept of news publishing set frequency, nature and relevance to the festival.
- ✓ Publish information about Moravian winery generally.
- $\checkmark$  Publish photos from the past festivals; publish videos (posted on YouTube).
- ✓ As a feedback statistically analyse group members how many of them can be characterised as wine lovers?

#### 5.2.5.1 Anticipated benefits – Facebook

Facebook is one of the fastest growing tools for viral marketing (tell-a-friend). By establishing a group designed exclusively for Open Cellars Festival and related topics group members will be always informed about any updates of the page. New information will be displayed on their personal walls and can be immediately read by the members and shared with their contacts. All for free.

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#### **5.2.6** Sales Promotion

Every year in the whole Czech Republic, many events connected to wine tourism and free time activities are held. Among the most outstanding and interesting for marketing communications are fairs and exhibitions. For instance in Brno, which counts for the "Town of fairs" every spring takes place "Go and Region tour", fairs of tourism. In the last year the fair was attended by almost 34,000 visitors and 453 journalists. Region tour offers information about touristic possibilities in particular regions of the Czech Republic. Many exhibitors appreciate the increasing interest of public who no more rely on information from media but want to meet people behind and enjoy the atmosphere of the fair accompanied by special programs. Further fairs can be found also in Prague and Hradec Králové.<sup>1</sup>

Another group of events are wine exhibitions and competitions shield by Wine Fund and National Wine Centre. Such events are very popular and have a long tradition, here have to be mentioned *Grand Prix Vinex* (Brno), *Valtické vinné trhy* (Wine fairs Valtice), *Víno&Destiláty* (Prague – Wine & Distillates) and *Vinařské Litoměřice* (Wine Litoměřice). Most of named events take place since 1991 and have attracted thousands of wine enthusiasts and expert public.

#### **Suggestion:**

# Sales promotion at chosen events – Grand Prix Vinex, Region Tour, Wine & Distillates and Wine Litoměřice.

The concept:

The first step is to hire 2 part time workers – a young man and a young woman. They will be dressed in traditional South Moravian Costume and will hand out informational leaflets (A5 format) about upcoming Open Cellars Festival. They will be able to respond to basic potential questions from the prospective customers.

**Costs:** Part time workers can be found via managements own initiative (family members, friends, subordinates, etc.) or via personal agencies (average price per package of 20 part time jobs adverts varies between 3,500- 4,500 CZK per year).

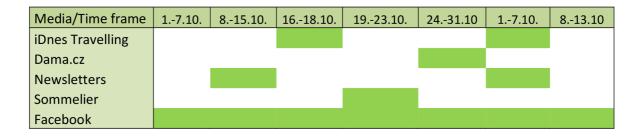
Average net wage for part time workers in services (leaflets distribution) varies between 70 to 90 CZK per hour. 15% have to be added to cover income taxation. The most favourable legal form is an agreement on work performance; the employer is not obliged to levy any social benefits nor health insurance.

#### 5.2.6.1 Anticipated benefits – sales promotion

The chosen events welcome very similar target customers as Open Cellars Festival. Proposed form of sales promotion is cost saving way in comparison to direct rental and exhibiting the fair facilities. Visitors' attention of chosen events might be attracted by traditional costumes; the visage itself would be a hint for the character of Open Cellars Festival and would be relevant to its main vision. Rent for traditional costumes in usually around 1,600 per two pairs per weekend.

## 5.3 Media plan

#### Table 4Media plan for Open Cellars Festival Autumn 2010



This media plan corresponds to the proposals of this thesis; however there are not included outputs in other – partner (barter) media, as the partnerships for autumn festival have not been all established until today.

With respect to narrow budget for marketing, the media plan was designed to most appropriate time frame. Banner advertisement at Travelling.idnes.cz would appear twice during the campaign. For the first time almost one month ahead and second time a week ahead with reminding function (message communicating: "There is the festival you have already heard about coming very soon, do not miss it!") The same nature would have second wave of newsletters sent by wine shops, when the first would stand for "fresh news" communication concept. Sommelier magazine is issued six times per year. I suggest publishing PR release and advertisement in issue 5/2010. Deadline for reservations is 26.9.2010. One week would last campaign at Dama.cz as well. The only proposed communication that should last for the entire time of the campaign is on Facebook, moreover once the group is established its "life" is eternal.

# 5.4 Cost s of the campaign

#### Table 5Costs of the campaign

The Internet		
iDnes.cz	51000	
Dama.cz	30000	
Newsletters	0	
Facebook	0	
Partial Costs	81000	
Printed Media		
Sommelier Magazine	10000	
Partial Costs	10000	
Sales Promotion		
Wages	9600	
Taxes	1440	
Promotional Materials	4400	
Costumes Rent	6400	
Partial Costs	21840	
Total Campaign Costs	112840	

Budget determined for marketing as a whole is set at 200,000 CZK, of which at most 120,000 can be used for the campaign. Proposed communication mix costs reached 112,840 CZK. However some more comments need to be done:

 The cost of advertising in Sommelier magazine is counted in the table for ¼ of the page. Recommended would be to link the advert with PR release on one page. Cost is then set individually and usually is offered a half price discount.

- 2. Costs for newsletter campaign is 0, but it have to be pointed out that the real cost is the price of free-entrance tickets for the partner wine shops (4 tickets per shop of 4 shops in total).
- 3. Also the cost of Facebook campaign is 0, does not include wage of webmaster or page administrator.
- 4. Sales promotion costs of wages were count as average wage per hour in relevant areas and in the region (80 CZK). They were multiplied twice (2 workers) and 6x (six hours per day of promotion) and 8x (4 weekend events):

- 5. Tax rate for contract of services is 15%
- 6. Promotional materials:
  A5 leaflets 115g/cm<sup>3</sup> coated paper, CMYK 4/0, 2,000 pieces cost 4,400 CZK (BRKO,s.r.o., Tuřanka 17, 627 00 Brno).
  The leaflets would be covered from the budget part determined for promotional material (80,000 CZK)
- 7. Traditional costumes rent: 1,600 CZK per two costumes per weekend multiplied by 4 (4 events).

 $1,600 \ge 4 = 6,400$ 

(Michaela Moudrá – <u>www.kroje.kvalitne.cz</u>)

# 6 CONCLUSION

The meaning of marketing communication lays in effective contact with target customers. Communication mix is then a compilation of all used communication tools during the campaign. The aim of this diploma thesis was to design such communication mix that will benefit for increase of people visiting an event in wine tourism – specifically Open Cellars Festival.

While analysing present situation several problems were uncovered – of which two were most outstanding: inexplicitly chosen target group of customers (ideal visitor) and inappropriateness of some already used communication tools. In the proposal part of the thesis was attempted to define an ideal customer based on questionnaire survey outcomes obtained in spring 2010.

Then with the respect to set target group a new communication campaign was designed. It included The Internet as the most influential medium of those days, printed media, and sales promotion. Budget of 120,000 CZK played a role of limiting factor. Final proposal reached nearly 113,000 CZK. Another part of the marketing sub-budget would be dedicated to other expenditures, mainly related to maintaining official website of the festival *www.otevrenesklepy.cz.* The website is thanks to the nature of proposed campaign is expected to be more often visited by prospect customers and it is highly recommended to be fully functional, include all the relevant information and be user friendly.

In the end I would like to point out that customers' feedback should be a driving force for any other future updates and innovations. It is in the best concern of Open Cellars Festival's management to truly and regularly collect visitors' comments and to learn feelings the festival evokes in them.

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