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MARKETING STRATEGY PROPOSAL FOR A GLOBAL COMPANY IN THE SLOVAK MARKET

NÁVRH MARKETINGOVÉ STRATEGIE PRO GLOBÁLNÍ FIRMU NA SLOVENSKÉM
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Cílem diplomové práce je návrh úspěšné marketingové strategie globální firmy OASE na slovenském trhu za účelem zlepšení současné situace. Použitím různých analytických nástrojů a metod (PESTLE, SWOT, Porterův model 5 konkurenčních sil) analyzovat současnou situaci a na základě uskutečněné analýzy vypracovat vhodná doporučení umožňující zlepšení současné situace.

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LESÁKOVÁ, D. a kol. Strategický marketing. Bratislava: Sprint dva, 2011. ISBN 978-80-89393-56-6.

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PORTER, M. E. Competitive advantage: Creating and Sustaining Superior Performance. New York: The Free Press, 1985. ISBN 0-684-84146-0.

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ABSTRACT

The main aim of the diploma thesis is to propose successful, feasible and effective marketing strategy for the global company OASE in the Slovak market. In the thesis, theoretical background is linked to practical knowledge and the usage of various analyses of internal and external environment lead to proposing adequate solutions for the mentioned company. Thesis contains proposals how to enhance the company's position in the market via application of improved marketing strategy.

ABSTRAKT

Hlavním cílem této diplomové práce je navrhnout úspěšnou, uskutečnitelnou a efektivní marketingovou strategii pro globální společnost OASE na slovenském trhu. V práci jsou přepojeny teoretické poznatky s praktickými a použitím různých analys interního a externího prostředí jsou navržnuty vhodná řešení pro danou společnost. Práce obsahuje návrhy jak zlepšit pozici firmy na trhu aplikováním vylepšené marketingové strategie.

KEY WORDS

marketing strategy, market analysis, market position improvement, international marketing management

KLÍČOVÁ SLOVA

marketingová strategie, analýza trhu, zlepšení pozici na trhu, management mezinárodního marketingu

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In Brno on 20 July 2017

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Author's signature

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INTRODUCTION

The main aim of the Master thesis is to propose and consequently improve the existing strategy of the globally operating company OASE which has been present on the Slovak market for several years. However, its presence is conditioned by cooperation with its partners and customers at the same time. The role of their customers is to purchase and sell or furtherly use their technology. The main focus of OASE is development and subsequently selling of the technology for water garden industry. Their business is engaged in producing pumps, filters, fountains, pond technology, indoor aquatics, etc.

Simply, the company develops technology mainly for such types of businesses that can be categorized in so called 'creative industry' which encompasses garden architecture in the field of architecture (Neulogy, 2013) or small and medium sized businesses dealing with distribution of OASE technologies. Generally, the company acts as a wholesaler, primarily on the B2B market. So far, the Slovak market creates around 700 000 EUR annual turnover with a 7-8% increase each year. However, there is still space to exploit its potential and raise the turnover.

Therefore, the main aim of this diploma thesis will be to suggest enhancements to existing marketing strategy of OASE, since it already operates on the market through partners, to have the opportunity to increase its revenues. In order to discover the shortcomings of existing strategy and finding opportunities to improve, it is necessary to look not only on the company itself, but on the environment that surrounds it and extensively influences the company.

Based on this, the master thesis will be divided into three chapters. The first chapter will be dedicated to a description of theoretical background that will underpin the second and third part. The second chapter will deal with detailed analysis of OASE and will serve as a tool that helps uncover the shortcomings and threats that should be eliminated. On the contrary, to find strengths and opportunities that company may use to enhance marketing strategy on the market. Third part will provide suggestions and recommendations how to improve mentioned aspects of marketing strategy with exact plan of activities and financial budget.

OBJECTIVES OF THE THESIS

The fundamental aim of the diploma thesis is to propose a successful marketing strategy for a globally operating company OASE in the Slovak market so as to improve the current situation. OASE is perceived as a global leading business in creative water garden industry operating in numerous countries and their business activities span from the area of the US through Europe to China. One of the countries it has started conducting the business is the Slovak republic, but only through its customers – partners, who distribute their technology. Therefore, the main aim is to recommend measures to improve existing marketing strategy that would furtherly foster its business activities in the market and allow to penetrate it even deeper.

In order to reach the main goal, the complex issue is divided into partial goals. Firstly, adequate theoretical base concerning the academics' viewpoints on the successful marketing strategy development will be suggested, together with basic principles and characteristics of strategies. Consequently, several aspects including different types of marketing strategies will be provided. Moreover, the architecture and structure of a marketing plan will be given. Other aspects and issues will be observed and described in order to provide an extensive theoretical base for further analysis. To develop a marketing strategy successfully it is inevitable to observe and analyse the environment of the business in a complex way. Such a deep analysis of external and internal factors affecting the company will be provided. Based on the provided analytical and theoretical part, appropriate and feasible recommendations will be given to improve the existing marketing strategy on the Slovak market.

Methodology

To elaborate the diploma thesis, secondary data are mainly analysed. However, primary data will be also collected via conducting an unstructured interview with one of the distributors. Thinking processes of deduction and induction were applied, as well. Using various analytical tools, methods (PESTLE, SWOT, Porter's Five Forces, etc.) and analysis of the current situation is provided.

1 THEORETICAL FOUNDATIONS

The following chapter is dedicated to a detailed description of the theoretical background covering various aspects that will serve as a base and will help to elaborate the analytical part properly. The chapter is split into several subtopics covering the problematics of marketing strategy, its classification, attributes, business environment analysis, industrial analysis and analysis of internal features of the business, etc.

1.1 Marketing Strategy

In general, marketing strategy identifies a basic direction for the company in order to reach its marketing goals. Simultaneously, it indicates tools and methods which should foster reaching intended target. Marketing strategy relates to and is derived from the general and overall policy and the goals of the company and, consequently, results from complex analysis of competition, environment, customers together with strengths and weaknesses of the business (Jakubíková, 2008).

Concurrently, Lesáková et al. (2011) asserts that a marketing strategy results from the external environment and, at the same time, is derived from market specifications. Based on the authors' opinion, the term 'strategy' indicates its aim to constantly influence the environment and not to be only a passive reaction to external influences.

Nevertheless, Kotler and Armstrong (2012) and Kotler (2009) define a marketing strategy as a marketing logic which is used to create customer value and simultaneously attempts to create business - customer relationships that are profitable. They suggest that the company identifies the target segment which appears to be promising and furtherly defines ways it would serve them.

A broader perspective on marketing strategy is suggested by Doyle (2008) who proposes a Value-Based Marketing Strategy. According to the author, it consists of coherent decisions dealing with company's attitude to the market. The principle of such

a strategy lies in creating long-term value not only for shareholders, but at the same time for employees, in the form of security, creditors and society as well.

Moreover, Tracy (2014) focuses on competition-centred definition of marketing strategy and asserts that a marketing strategy indicates against whom the company competes and on what basis. Furtherly, he argues that it should follow four main principles; comprising specialisation, differentiation, concentration and segmentation, in order to be successful on the market. Basically, specialisation refers to the main focus in which the company puts all its efforts which can potentially be either technology or customers, or services or even a distribution channel. Secondly, differentiation should be the driving force of the business. Whether the business will experience failure or success is obviously conditioned by differentiation principle. Defining of an ideal customer and target group is a sign of segmentation principle. Overall, concentration principle is resulting from combining the previous principles together and concentrating on customers that are supposed to purchase products of a particular business.

However, as the examined business operates internationally or even globally, the following definition aims at describing international marketing strategy. Therefore, Bradley (2005) claims that international marketing strategy represents unified set of actions regarding the company's resources available with the aim to ensure and raise the well-being of the company. This should be realised via securing a sustainable competitive advantage with regard to their competing businesses in both domestic and international markets.

1.1.1 Basic Characteristics of a Marketing Strategy

In order to prepare and propose a successful marketing strategy, there are several attributes that a marketing strategy should comply with. Lesáková, et al. (2011) proposes 7 fundamental features listed below:

- 1. External market orientation** – in order to enable the growth of the business, the marketing strategy is supposed to be market oriented in constantly changing

market conditions. In other words, it requires orientation on customers, competitors, market and the overall external environment.

2. **Active orientation** – the principle of active orientation of a strategy is to actively and flexibly interact with aspects of external environment and be concerned with creating trends. The strategy should, thus, avoid a passive reaction to ongoing aspects in the market.
3. **Quality information system** – is considered as a base for a marketing strategy development.
4. **Continuous analysis and decision-making** – to develop a strategy, the perpetual and continual process of external environment analysis is required.
5. **Strategy alternatives evaluation** – providing numerous alternatives allows the business to select the most appropriate option after its evaluation.
6. **Successful implementation** – although a successful marketing strategy may be developed, the entire process continues with the strategy implementation. Marketing strategy should consider also individual factors including the infrastructure of the company, qualification of workforce payment system, overall corporate structure, etc. in order to be successful. Any changes to previously mentioned aspects should be considered in advance.
7. **Long-term orientation** – the strategy requires long-term management and decisions. Absence of such management may result in decisions which are rather short-term oriented, may be contradictory and lead to losses in the long run.

1.1.2 The Position of a Marketing Strategy in the Organisation

The fundamental idea of marketing strategy development is the effort to seek the perfect match between the intensely competitive environment and company's capabilities and

resources available. The essential idea is to find the match not only for contemporary situation, but also for its foreseeable future (Hooley, Piercy and Nicolaud, 2008). The following scheme depicts its position and the fit of a marketing strategy in the organisation.

Figure 1: The position of a marketing strategy and its fit in the organisation

(Source: Hooley, Piercy and Nicolaud, 2008, pg. 30)



The Figure 1 illustrates that all three elements influence each other and, therefore, it may be presumed that if the company sets any type of a strategy, not only marketing, and does not correlate it with either the needs of customers or organisational resources, the success of such a company may sustain as an illusion. Thus, marketing orientation is supposed to pervade entire organisation and as a result marketing management should participate in the overall strategy development.

1.2 Basic Marketing Strategies Classification

In order to give a clear framework for marketing strategy classification, the following section is dedicated to explaining the fundamental types of strategies. Different types of marketing strategies can be identified and multitude of authors has developed their own way of classifying marketing strategies. Various aspects of strategies may differentiate, but many of them may overlap and correlate.

For instance, Lesáková et al. (2011) provide an extensive summary of different types of marketing strategies, suggesting that they can be distinguished from various aspects seen below. These comprise the author, situation on the market, competition, environmental perspective, market position or particular tools of marketing mix. Some types of marketing strategies may overlap depending from which perspective they are considered. The following table summarizes strategies:

Table 1: Summary of different types of marketing strategies

(Source: Lesáková et al., 2011)

Aspect according to:	Type of a marketing strategy
The author	Ansoff Porter Kotler
The situation on the market	Growth strategies Strategies on emerging markets Strategies on stagnating and constrictive markets
The competition	Strategies focused on the competition Strategies focused on the intermediaries of sale
The environmental aspect	Defensive environmental strategy Offensive environmental strategy
The market position	Strategy of market leader Strategy of market challenger Strategy of market followers Strategy of market nichers
The tools of marketing mix	Product strategy Pricing strategy Distribution and sales strategy Communication and promotion strategy

1.2.1 Ansoff's Marketing Strategies

One of widely known division of marketing strategies belongs to Igor Ansoff (1957) who proposed a **Product/Market matrix of expansion**. The matrix relates market on the vertical axis with product on the horizontal axis. Both elements are divided into new and current. Based on this, four types of marketing strategies are consequently derived.

Firstly, **market penetration strategy** is based on pervading the existing market more deeply with current products. The aim of this strategy is to find a new customer segment for existing products or to increase the volume of sale. Costs related to this strategy may often incur from increased marketing communication activity. It is considered as a relatively low-cost alternative.

Secondly, **market development** represents the effort of the business to extend its business activities abroad with existing product portfolio, often with slight modifications and enhancements. In this case, the initial costs may be related to mainly market research that is necessary to conduct, in order to familiarise with the market and to gain information about particular specifications of foreign markets.

Thirdly, **product development strategy** is concerned with the development of new product characteristics which aim at improving the performance on the currently conquered market. Capitally intensive decision is often connected with investment in research and development of a new product portfolio.

Finally, the last strategy **diversification** is based on the principle of new markets and also new products where companies develop new products with completely new characteristics and enter completely new markets (Ansoff, 1958). This strategy may be regarded as the most financially driven as it requires investment in not only the new product portfolio but observing new markets, as well.

1.2.2 Porter's Generic Strategies

A different view on marketing strategies was provided by Porter (1980) in his widely known piece of work called *Competitive Strategies*. He distinguishes three types of marketing strategies comprising cost leadership, differentiation strategy and focus strategy.

Cost Leadership - In essence, cost leadership is derived from the ability of the company to appeal and attract either price-sensitive segments or cost-conscious segments, while offering the lowest prices in the market segment. To sustain the lowest price, it is inevitable for a firm to operate at lower costs than the competing firms. In order to ensure the lower costs per unit, the company comes across three ways of achieving it. The first possibility for a firm is to take advantage of economies of scale. Such possibility is obtained by producing a vast amount of products resulting in spreading fixed costs into large quantities. Nevertheless, achieving lower costs can be also realised thanks to offering a standardised product where direct and indirect operating costs are low. The third suggested dimension is value-chain control. Lower costs are achieved thanks to squeezing suppliers on prices or also obtaining goods in bulks in order to ensure discounts or setting just-in-time production (Porter, 1985).

Advantage of Cost Leadership Strategy -Such approach is usually feasible for large companies which cover a greater market share than other companies and have the bargaining power to impact its supplier or other players in the market.

Disadvantage of Cost Leadership Strategy - However, the question arises about the brand or even company name when offering products for low prices. It can be often misleading for customers who align low price with low quality of products. Also the loyalty of customers may be threatened as they tend to be price-sensitive. Any change in price level will influence their purchase decision against the company.

Differentiation Strategy - Basic principle is that a company aims at differentiating its products or services in some way from competitors, so that it is able to either gain customer loyalty or charge higher prices or increase revenues. Such a strategy is viable in case of bigger company and in markets that are saturated, customer segments are not too price-sensitive and the company has unique capabilities and resources that enable it to satisfy specific customer needs that may not be appropriately served. To successfully differentiate from the competition, the business usually owns either intellectual patent, uses innovative processes, employs talented workforce and applies technical expertise (Porter, 1985).

Advantages of Differentiation Strategy - The strategy enables the company to charge higher prices for its extraordinary product or service it offers. Thanks to this type of strategy, the company is able to attract and retain the customer segment which is not price-sensitive and is willing to accept higher prices for the company's products. Consequently, this may lead to increased revenues and customer loyalty. Moreover, gaining brand recognition is more than unambiguous in this case.

Disadvantages of Differentiation Strategy - The drawback of the method is displayed in high costs that could be associated with producing extraordinary products and providing services, unique process and also hiring talented people. The negative side of such approach can be also seen in the accessibility mainly for bigger companies and not for smaller businesses.

Focus Strategy - The focus strategy is considered to be mostly suitable for businesses which are rather small, usually operating on a specific target market. The company often specialises on a few target segments and consequently creates a distinct marketing mix especially for those segments (Porter, 1985).

Advantages of Focus Strategy - The strength of such strategy can be seen is the fact that it is also suitable for smaller businesses with a special focus on a niche segment. While using such a strategy a company is able to serve special needs of customers that would not be otherwise served inadequately.

Disadvantages of Focus Strategy - The strategy of the business may be hampered if it encounters the segment that is vulnerable to substitutes provided by competitors. Prerequisite for applying the strategy is the fact that competitors fail to earn above average return on investment.

1.2.3 Baker's marketing strategies

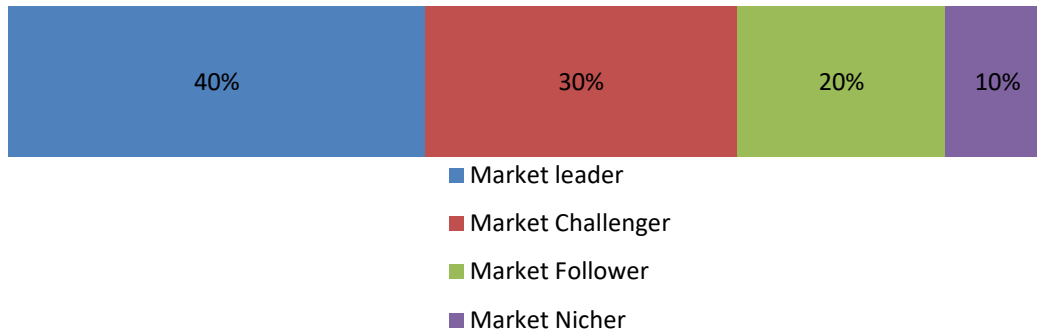
To compare, Baker (2014) provides a different classification; according to the author, there exist three basic marketing strategies including **differentiated, undifferentiated and concentrated strategy**. Undifferentiated strategy is identified as a strategy which focuses on offering similar or unchanged products to its target market. Unlike the undifferentiated strategy, the differentiated strategy occurs when the business tries to supply major subgroups with modified basic product. The disadvantage of such strategy may potentially lie in the fact that such a strategy could be feasible only in terms of large businesses which are able to produce adequate volume and still be profitable and remain competitive. Third type of strategy, the concentrated strategy, is mostly suitable for smaller businesses which target their efforts on a certain segment which they serve.

1.2.4 Kotler competitive strategies

Philip Kotler (2009) focuses primarily on strategies dealing with competition aspect. He identifies four types of businesses in the market comprising Market Leader, Market Challenger, Market Follower and Market Nicher. Such a division furtherly determines the position and role of each player. The following Figure 2 explains how Kotler divided the market and what proportion each player occupies.

Figure 2: Hypothetical Market Structure

(Kotler, 2009, pg. 312)



The author supposes that the market is usually led by one or two main companies which are considered as the leaders in the market. They naturally comprise around 40% of the entire market. Such types of companies often lead other businesses in terms of price changes, introduce new products as first, have the broadest distribution coverage and intensity of promotion is great. The second position is dedicated to market challengers. Those companies are expected to form 30% of the market and usually challenge market leaders. Third position is in hands of market followers which are described as those companies dealing with rather following the leader than challenging it. They aim at following the trends of the leader and react intensively and aggressively in case of any loss. The proportion taken by market followers is around 20% of the market. The rest is occupied by Market nichers who usually serve a specific-needs market segment willing to accept higher prices. As the needs of this type of market are so specific they are often not served adequately by other companies, the tiny firms take the opportunity and satisfy them.

Marketing Strategies for Market Leaders

Based on the previous division, Kotler identifies separate strategies for each subgroup. For the first group, market leaders, Kotler suggest three types of action that a company should follow and based on this he developed several strategies. Firstly, the company is advised to:

- expand the total market;
- retain its current position and market share by offensive and defensive strategies and
- increase its market share.

Expansion of the total market can be realised by attracting new customers which have never used the product or a service that company sells which is also known as **new-market segment strategy**. However, the company may also attack the group of customer who might have used it but have not, also known as **market penetration strategy**. The third option strategy is **geographical-expansion** which is focused on covering customers living elsewhere.

Increasing its market share can be attained by incentives for customers to use the product or service more (more usage). **More usage strategy** can result in either a higher amount of purchasing of products or services or increasing the frequency of usage. This can be achieved by finding a completely new way of usage or finding additional ways of using.

Despite expanding the total market and increasing the market share, it is inevitable to defend the current position. It is advised for firms to maintain continuous innovation and product development while offering comprehensive services. Here, the market leader encounters various strategies including **position defending, flank defending, mobile defending, pre-emptive defence strategy, counteroffensive defence strategy and contraction defence strategy**.

Marketing Strategies for Market Challengers

In terms of market challengers, different positions on the market can be attained. The business must choose in which position it attempts to achieve. It can choose among three options not necessarily attacking the leader, but also attacking firms of its own size which are underperforming or even small and regional players.

General, market challenger may select one of those strategies:

- **frontal attack** (pure attacking on the opponents product, advertising, price, etc., can appear also in the form of price cutting);
- **flank attack** (focuses mainly of weakness of the opponent from the viewpoint of either geography or segment, tries to fill in uncovered areas, where the opponent is underperforming);
- **encirclement attack** (means a grand attack aiming at attacking the opponent from different sides);
- **bypass attack** (is perceived as the most indirect type of attacking the enemy and can be realised by adopting a diversification into unrelated products, technological leapfrogging and diversifying into new markets) and finally
- **guerrilla warfare** (small and intermittent attack are used to threaten the opponent, aiming at maintaining secure position).

To sum it up, we may presume that the success of a firm is conditioned by focusing on not only one strategy, but its effective combination and selection of appropriate techniques and actions.

Marketing Strategies for Market Followers

There exist also strategies for market followers even though it could appear that they do not need any as they follow the leader and try to imitate it. However, Kotler asserts that there are four possible strategies (Blythe and Megicks, 2010):

- **counterfeiter** (such a type of strategy is built on copying the product or packaging of the leader entirely and usually offering the product on the black market);
- **cloner** (less aggressive version compared to the previous where the follower emulates the leader's products, brand or packaging, however slight variations are implied);

- **imitator** (this strategy is based on copying the leader's actions again however, only to a certain extent; as long as the imitator does not inveigh against the leader, it is accepted);
- **adaptor** (the strategy reclines in adapting and enhancing of existing products belonging to the leader; adaptor usually enters different markets with improved products; this type of follower is often transformed into market challenger thanks to the product enhancements).

Marketing Strategies for Market Nichers

Even occupying a small-sized market may be profitable by offering customers with different and valuable benefits that large businesses producing standardised products cannot offer. These companies often sell high-quality products as their knowledge about market specifications is very intensive and deep. The role of nichers is to create a niche market, consequently to expand it and finally to protect and maintain their position in the market. The potential risk in this field is embodied in attacking the market by other subjects and inability to furtherly resell high-value equipment that is used in the production.

As a result, there are several options and roles that a nicher may take. For instance, a nicher may act as an end-user specialist, vertical level specialist, customer-size specialist, specific-customer specialist, geographical specialist, channel and service specialist, quality-price specialist, job-shop specialist, product-feature specialist and finally product specialist (Jaideep, n.d.).

1.3 Prerequisites for Marketing Strategy Development

In order to develop an efficient marketing strategy, it is necessary to analyse in detail not only internal capabilities of the company, but also external factors that may either hamper or foster the process of marketing strategy creation (Hooley, Piercy and Nicolaud, 2008). It is inevitable to observe and examine different aspects that are in direct or indirect connections to the company.

1.3.1 Marketing Audit

Therefore, development of marketing strategy is normally accompanied by preceding marketing audit which is concerned with marketing environment and marketing operations. It may be characterised as one of the elements of the entire corporate audit and helps the organisation react to constantly changing and dynamic marketing and business environment (Lesáková et al., 2011).

Moreover, Lipnická and Ďaďo (2013) identify marketing audit as a tool that fosters company's growth and ensures future success of the business. This activity helps examine the current marketing structures and furtherly result in the overall company's performance.

Similarly to the previous opinions, Westwood (1999) asserts that it is comprised of a detailed analysis of marketing environment of the business, its specific activities and finally its internal marketing system.

Based on the opinion of distinguished American author P. Kotler, the marketing audit is characterised as a complex, systematic, independent and regular observation of marketing environment, aims, strategies and activities with the aim to determine problematic areas together with opportunities to suggest action plan increasing company's marketing performance (Kotler and Keller, 2007).

The following scheme provides the overview of the marketing strategy process starting with detailed analysis of marketing environment and internal abilities; later on, the market targets including customers and competitors are identified and selected. Simultaneously, the competitive advantage is determined. Thanks to identification of both aspects, competitive positioning may be created. Finally, to implement the strategy, the organisational structure must be prepared and suitable for the actions. It is also concerned with marketing mix and then the control of a strategy is perceived as inevitable (Hooley, Piercy and Nicolaud, 2008).

Figure 3: The process of marketing strategy development

(Source: Hooley, Piercy and Nicolaud, 2008, pg.35)



To summarize, the significance of marketing audit is seen from various viewpoints. Thus, it may be identified as a base and foundation for marketing strategy development, but also as a control tool to evaluate past and current marketing activities. The characteristics of marketing audit are, thus, its complexity, orderliness, independence and regularity. It analyses the marketing environment, strategy, organisation, systems, productivity and functions (Meffert, 1996).

Thanks to marketing audit, the organisation is informed about its business, trends in the market that may influence the business, competition and its customers, as well. It serves the foundation for goals and strategy setting. The following table displays six elements of marketing audit with a specific content related to each element.

Table 2: Marketing audit elements and its content parts

(Source: Meffert, 1996)

Marketing audit elements	Relevant information about components described
Marketing environment	Economic and demographic information Technological factors Political and legal factors Socio-cultural factors Market Competitors Suppliers Intermediaries
Marketing strategy	Corporate mission Marketing goals
Marketing organisation	Formal structure Functional effectiveness Effectiveness of relations
Marketing systems	Marketing information system Marketing planning system Marketing control system System of new product development
Marketing productivity	Profit analysis Analysis of marketing costs effectiveness
Marketing functions	Product Price Distribution Communication/Promotion

1.3.2 Strategic Situational Analysis

Therefore, for the purpose of the first element analysis (marketing environment) the situational analysis which considers both external analysis and analysis of internal resources and capabilities is used. Predominantly, for the macro-environment analysis, analytical technique PEST is used. However, various modifications of this technique (PESTLE, SLEPTE, PESTS, SPECTACLES) are developed which even extend this technique and tend to add a different aspect to be considered. This analysis often stems from knowledge of past development and attempts to estimate future trends and influences of external factors. Thanks to external factors analysis the management is able to predict changes and new trends in constantly changing and dynamic environment (Lesáková et al., 2011). However, Kotler and Keller (2016) insist that it is

inevitable to observe six factors, not only 4, and they additionally suggest demographic and natural forces.

1.3.3 Analysis of macro-environment

Considered factors include **economic environment** which gathers factors which influence the power of customers and are derived from the overall stage of economy. Factors, for instance, economic growth rate, inflation rate, interest rate, exchange rate and tax politics can be considered in this section of factors which may potentially influence the average profit rate (Lesáková, 2011). However, income, country debt, purchasing power, the level of prices may be also included (Kotler and Keller, 2016).

Second force to be examined is **political – legal** factors. Those forces include the system of law in the country as well as of the European Union that a business must follow and keep; tendencies in labour law, the power of pressure groups, special-interest groups and trade unions, ISO norms, allowances and prohibitions in different sectors, etc.

Thirdly, **sociocultural and demographic** environment belongs to group of forces that may directly or indirectly impact the business in different ways. Demography of a country, age distribution, education, employment and household patterns together with social environment consisting of attitude, life style denote a significant issue for the business and its strategy proposal.

Fourthly, **technological environment** may be apparently considered as a determinant of a business success in 21st century. Technologies are often regarded as a base for differentiation. Changes in technology can potentially result in changing a strategic position of the company or investment into research and development.

Finally, the fifth element of the macro-environmental analysis is **natural environment** which can influence mainly companies dealing with either renewable or non-renewable resources. Moreover, this element may overlap also **environmental** forces that has

become a trend and multitude of businesses tend to produce bio products, set environmental policies within company and prioritize sustainable solutions and decision-making.

However, thanks to current trends in globalisation and economic development in both national and global scope the technique SPECLACLES was introduced, regarded as the most complex technique to macro-environmental analysis. Forces are extended with factors including C standing for customers, and S for sectoral (Lesáková et al, 2011).

1.3.4 Analysis of Micro-Environment

Nevertheless, the macro-environmental analysis plays an important role in marketing strategy development; analysis of micro-environment must not be neglected. It represents immediate environment surrounding the business. Based on this, it includes businesses which tend to compete with each other in the particular market. Usually, this analysis is engaged with sectoral and competitors analysis having a considerable impact or indirect impact on a concrete business. Therefore, it is essential to know how the industry is evolving and what trends are developing as it influences the choice of the strategy.

For the micro-environmental analysis, model of Porter's five forces (Porter, 2008) is very frequently used as analytical tool. The model comprises forces such as:

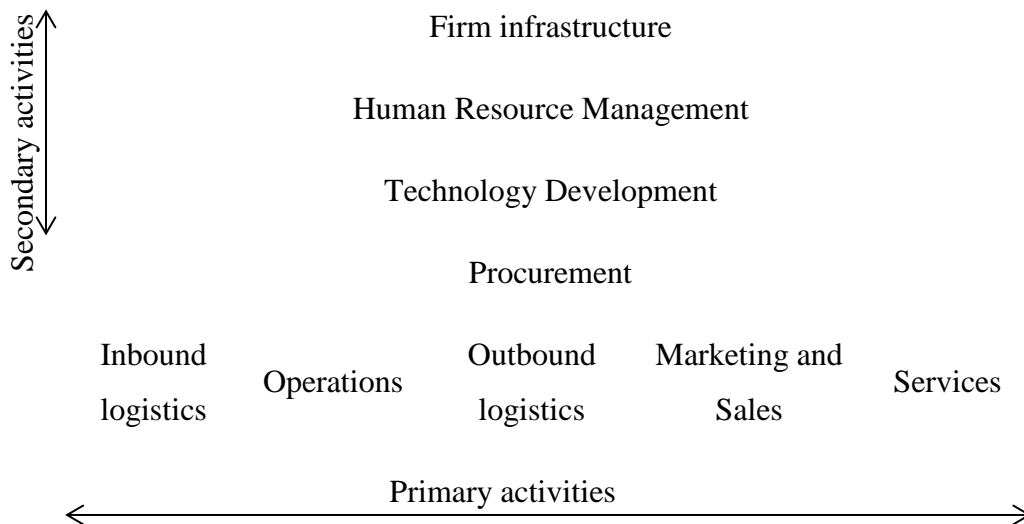
- threat of new entrants;
- rivalry among existing firms/businesses;
- bargaining power of customers;
- bargaining power of suppliers and
- threat of substitutes.

After analysing these five forces, it is essential to evaluate the strength of each power as it considerably influences the position of the business in the industry and may potentially either hamper or foster the ability to increase prices and attain higher profits.

However, except for the analysis of external factors, the analysis of internal sources and capabilities appears to be notable. Thus, the strengths and weaknesses of the company must be uncovered as well as in what aspect the company differs from other competing firms in the market. The significant issue being considered is the competitive advantage of the business, normally revealed by Porter's value chain (Porter, 2000). Thanks to the usage of Value Chain, the company is able to determine and identify source of competitive advantage and ways in which the company will retain it. The following scheme visualises the structure of the analytical tool.

Figure 4: Porter's Value Chain

(Source: Porter, 1994)



The foundation of value chain lies in the fact that the competitive advantage should be derived from value-creating activities which are considered as a stone for reaching competitive advantage. Value-creating activities are divided into two subgroups:

- primary activities including inbound logistics, operations, outbound logistics, marketing and sales and finally services;
- secondary activities (supporting activities) including firm infrastructure, human resource management, technology development and procurement activities (Porter, 1994).

All these extensive analyses provide a broad range of information about the business. Nevertheless, the SWOT analysis may furtherly serve as a tool to highlight the most important features of the business as well as the environment, also as a recapitulation of the previous analyses (Košťan and Šuleř, 2002). Thanks to usage of SWOT analysis the company is able to clearly determine strategic features, weak and strong attributes together with opportunities and threats of the external environment.

1.4 Marketing Strategy Development Process

Marketing strategy helps the organisation to seek for its customers and consequently define the markets it wants to operate in. It is considered as a way of achieving its marketing objectives with the help of products and services it offers (McDonald, 2008). Concretely, marketing strategy deals with 4 P's of marketing including product, place, promotion and price.

The necessity of strategic marketing planning is derived from the need to direct its marketing activities not on the basis of contemporary situation in the market, but on the basis of future trends, foreseen changes in the market, changing customer behaviour and needs and, finally, technological development (Lesáková et al., 2011).

Therefore, there is a guideline of the entire process for strategic marketing planning which consists of several steps. As follows, Lesáková et al. (2011) suggest that there are 5 basic steps to achieve the right directions in marketing strategy planning.

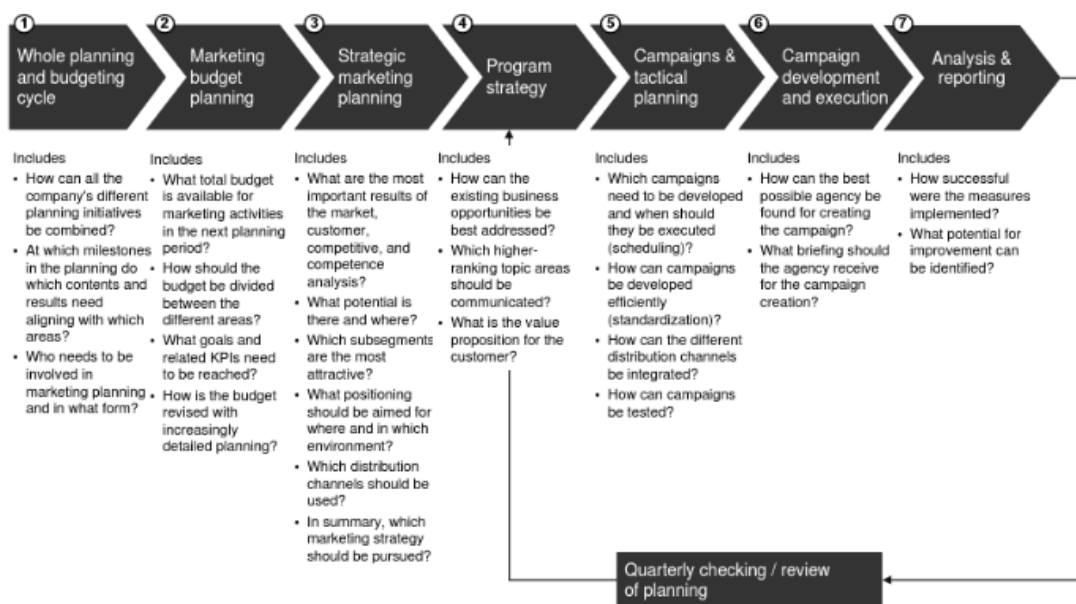
Firstly, it is necessary to *analyse macro and micro environment* of the business via marketing audit. After in-depth analysis, complex evaluation of strengths, weaknesses, opportunities and threats is given, often called *SWOT analysis*. The third step to successful marketing strategy development is *extensive and intense analysis of markets and prediction of the future demand* of customers. Fourthly, *definition of marketing goals* is provided. Finally, the *marketing strategy* may be proposed.

The consequence of those five steps is creation of the most crucial marketing document – the strategic marketing plan which serves as the base for marketing management for 3-5 years. The plan is furtherly used to create annual marketing plans which specify it into depth.

A broader perspective on marketing strategy formulation is given by Strauss (2008) who proposes 7 phases for marketing strategy development and systematic marketing planning process. According to Strauss, the marketing planning process should follow several basic steps suggested in the Figure 5.

Figure 5: The Seven-Phase Model for Systematic Marketing Planning

(Source: Strauss, 2008, pg. 60)



Similarly to the previous model of marketing strategy development, it is visible that the prerequisite for marketing strategy is the overall and extensive analysis of the environment surrounding the business, together with its internal capabilities and resources which furtherly serve as a base for its development. The author highlights the importance of not only reliability and actuality of observed data, but also its sufficiency, so as to prevent purely intuitive decision-making before drawing up the strategy. Before selection of final marketing strategy, it is inevitable to offer and evaluate several

variants which usually relate to specific targets, customers or design of the marketing mix. Later on, one of the proposed marketing strategies is selected and consequently pursued.

As was already suggested, marketing strategy tightly relates to 4 P's of marketing and is derived from them. Therefore, the subsequent part is dedicated to explaining what Price Strategy, Product Strategy, Promotion Strategy and Distribution Strategy should include and how to formulate them.

1.4.1 Product Strategy

The essential goal of product strategy is to:

- manage the mix of existing products;
- identify the need to invent or develop new products and brands, and finally
- to apply the theory of product life cycle (PLC) and portfolio models in order to create balanced product portfolio.

The faster the product reaches and penetrates the market deeply, the higher the revenues grow. Consequently, more opportunities on the market may be created to develop the position of market leader (McDonald, 2008).

The role of portfolio analyses in terms of product strategies is to help the business foster the decision-making about resources allocation and strategy implementation. The business, thus, encounters five types of strategies which are comprised of the strategy of harvest, support, divest, acquisition and invest. That means, whether the company should continuously invest in its existing product portfolio or it should harvest the product or acquire a new portfolio or it should divest it and leave the market with a certain product. A company may also select a strategy depending on the stage or product life cycle or specific strategies of entering a market with a completely new product (McDonald, 2008).

However, different product strategies may be related to global products. Stark (2007) suggests three types of global product strategies. These strategies are:

- Managed complexity and Change;
- Global complex assembly provider and;
- Low cost commodity supplier (Stark, 2007).

The first type of strategy is, according to the Stark, usually suitable for companies in high-cost countries which want to offer its products worldwide. Thanks to application of the strategy, it may help the business achieve such a position in the market that other businesses cannot reach.

The essence of Global complex assembly provider strategy is that those firms aim at providing high-end components, subassemblies and assemblies for world leaders. Their target is to own or provide specific and unique technology or capabilities. The prerequisite for such a strategy is that the business is operating globally, financially stable and enables to share risk and investment with Original Equipment Manufacturers (OEM).

The strategy of low-cost commodity supplier is based on the fact that companies which have applied such a strategy serve as a supplier to OEMs or global complex assembly providers to provide them commodity parts or services. They tend to be located in low-cost regions.

1.4.2 Distribution Strategy

Distribution strategy plays an important role in the overall marketing strategy since it deals with all the activities associated to overcoming spatial, time, quantitative and assortment differences. Moreover, distribution strategies guide decision-making activities related to selection of distribution means, channels and also distribution bodies (Lesáková, 2011). The significance of distribution is related to the fact that in

some cases, the distribution costs make up almost 20 percent of the total costs for the product (McDonald, 2008).

The basic distribution strategies are as follows:

- **intensive distribution** – is suitable for companies distributing and transferring vast amounts of standardised goods to multitude of other companies;
- **selective distribution** – the company chooses among various intermediaries according to great relationship-building, sales motivation or decent market coverage and
- **exclusive distribution** – such a strategy deals with restricting the number of intermediaries. This may encounter an extreme case when the business selects the sole distributor or intermediary which is called the exclusive distributor.

According to Baker (2014) the business should consider several aspects when considering the selection of distribution channel by which it delivers the product or service to its customer. One of the aspects to be considered is environmental situation dealing with factors for instance, the number and location of consumers or clients and also the degree of concentration and behaviour of competing businesses. Moreover, regulation, market performance and institutional infrastructure are important factors to be taken into consideration. In terms of product characteristics, it appears to be inevitable to observe the class of product, its volume, perishability or even service requirements. Market characteristics such as geographic location or discernible segments should not be neglected. As a final aspect, company's strengths and weaknesses including its size, position and service with technical abilities are considered as well.

1.4.3 Pricing Strategy

The price acts as the only P from marketing mix that may affect short-term objectives and incomes of the business. Surprisingly, the price is often overlooked and businesses

tend to pay the least attention to price in terms of international context in contrast to other Ps of marketing (Onkvisit and Shaw, 2008).

There may be numerous strategies that business encounters in short-term goal setting (Baker, 2014):

- low introductory price: this strategy may be applied on case when a company wants to win a market share and penetrate the market deeper and gain more customers;
- a different type of pricing strategy may be applied in case a company produces high-end products, provides innovative solutions where other subjects on the markets cannot compete. This is known as price skimming or offering premium prices when customers value the product or a service;
- increased prices may be also used during the decline stage, with the aim to discourage demand, but on the other hand to earn acceptable profit from continuing customers;
- on the contrary, low prices tend to be applied in cases when companies want to highlight “value for money” and stress costs savings thanks to economies of scale and
- the strategy of low pricing or discounts may be used to prevent the business from public criticism (Baker, 2014).

McDonald suggests that number of issues should be taken into consideration while developing a pricing strategy (McDonald, 2008):

- company’s objectives and product portfolio;
- product life-cycle;
- product’s position in the market
- potential competitors;
- costs (either relating to the business and also competition’s costs) and
- channels and distribution.

In terms of product life-cycle, McDonald, therefore, offers different pricing strategies. He asserts that during the phase of introduction of the product, it is essential to select the strategy of either low pricing (so as to capture a vast scale of customers) or high prices (to picture recognition of novelty and increase in prestige). During maturity of products, it is advised to use higher pricing again. After maturity phase, in saturation phase it is essential to consider stabilising the price or even raising it and in the last phase of decline to increase the price (McDonald, 2008).

1.4.4 Communication Strategy

The fourth P of marketing mix – promotion – and the strategy that is developed allows the company to encourage the target groups and segments to higher and more intensive purchases, it supports commemorating the existence of the company as well as its products and services in order to be present in customer's minds. The general aim of communication strategy is to influence the behaviour and thinking of target segments positively in relation to the business and to create a positive perception of the company. In terms of communication strategy, it is necessary to arrange a communication mix that can be formed by numerous communication tools, such as, advertising, sales promotion, public relations and publicity, direct marketing, interactive marketing, word-of-mouth marketing and finally personal selling (Kotler and Keller, 2009).

1.4.4 Environmental Communication Strategy

A different perspective on communication strategy is given by Hanuláková and Pročková (2001) who distinguish two types of environmental communication strategies. These strategies are called **offensive and defensive strategies** of environmental communication.

The principle of defensive strategy is to enhance common reputation on the company and its activities and the whole company image. The message of this strategy should pass and highlight the information that a business makes provision for the environmental protection in all its activities. This type of strategy is naturally used in those industries

where there is a tendency to negatively perceive the business activities and with low general public reputation.

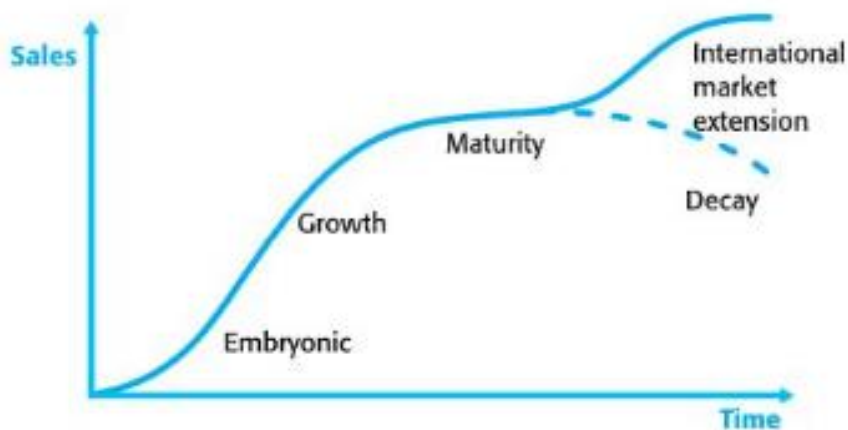
On the contrary, the offensive strategy aims at fostering the change in customer behaviour and ensuring the demand for environmentally friendly products. The important issue in offensive strategy application is the precise definition and explanation of the product/service benefit and contribution to the society compared to competing products/services.

1.5 International and Global Marketing Strategy

International or even global presence in markets offers companies various benefits related to many aspects. One of those aspects is the prolongation of the product life-cycle as shown below.

Figure 6: Prolongation of product life-cycle on international/global market

(Source: Bradley, 2005)



However, it is noteworthy that if the company develops a particular product for the domestic market and decides to extend its market coverage across borders, it should consider cultural differences and also perceptions of a certain type of product (Bradley, 2005). Therefore, adaptation of products could be applied.

So as to avoid a large-scale failure of the business the author asserts that before entering the target market, it is vital to select a smaller market with similar characteristics resembling the big target market. The reason for the internationalisation of a firm may result from the domestic competition in the home market.

As a consequence, the firm must also consider different marketing strategy that is applied in foreign markets considering even broader factors, which may impact the functioning and operation on the firm. Whilst some strategies of marketing mix may be rigid, some may have gone through an extensive change.

Lesáková et al. (2011) assert that global marketing strategies are based on searching for a balance between the benefits of international standardisation and benefits of local adaptation with the aim to satisfy the needs of customers on the other hand.

1.5.1 Marketing Strategies of 4 Ps of Marketing in International Context

Product Strategies in International Context - The prerequisite of marketing elements standardisation is the expectation and assumption that customers are similar throughout the world and attributes of a quality product has a general appeal and that similarities among customers prevail. The product resembles the easiest element to be standardised.

Factors that support standardisation of products from the market viewpoint are:

- increasing similarity in customer behaviour and
- increasing mobility of people leads to expectation of receiving the same product/services all over the world, etc.

Factors fostering adaptation of products/services to local requirements:

- different legal regulations pertaining to a product;
- different preference for technical specifications and content of a product;
- climate conditions requiring specific packaging and modification of products;

- cultural differences, religious influence and various consumer tastes and
- dissimilarities in levels of education on target markets.

Except for the effect of standardisation of product, standardisation of brand policy is also important. That means using the same brand, name of the product, the same symbols, design, packaging and positioning in various countries. Base for the strategy is application of short and easily-remembered name and ensuring international legal protection.

Communication Strategy in International Context - Standardisation in communication policy, on the other hand, is impacted mainly by legal barriers disabling advertising for a specific range of product/services. Also, cultural and religious influences may hamper application of consistent communication strategy.

Distribution Strategy in International Context - In terms of distribution policy standardisation, all the processes in countries may differ and, thus, the company must be aware of the fact that the distribution policy may be standardised only to a certain extent. It is influenced mainly by the number and type of distributors on certain markets and the volume and type of units in retail. The highest potential to standardise distribution strategy relates to those businesses which use direct sale or own distribution structures. A certain extent of standardisation is also available for businesses with indirect sales. Such an example may potentially be franchising. In this way, the franchisor secures that the presentation and communication of its products would be standardised.

Pricing Strategy in International Context - The last P of marketing mix, the price, and its standardisation is related to common pricing policy in various countries, even geographically distant. The firm may use the strategy of skimming prices, or very low prices to penetrate the market quicker leading to achieving economies of volume. The question may be raised here, whether the standardisation of pricing policy is necessary and relevant as it may enable the firm to optimise its overall profit. However, it is noteworthy that it is vital to consider the level of price differentiation as it may

consequently destroy the pricing policy. It may result in too low prices in highly developed economies and inappropriately high in developing countries (Lesáková, 2011).

There are several factors, however, to be considered when establishing the final price in the international markets. Bradley (2005) suggests that it is inevitable to take into account the company's objectives in international markets; whether the company attempts to penetrate or skim the market, in the first place. Other aspects needed to be regarded are, for instance, the exchange rate regime, the position of the product in the PLC in the foreign market. Moreover, it is essential to evaluate the activities of competing firms in the foreign market and, last but not least, are the other elements of marketing mix. Similarly, Onkvisit and Shaw (2008) claim that the business should look at costs and supply together with exchange rate, tariffs, product prestige, market share, product life-cycle and also culture.

1.6 Modes of Entry to Foreign Markets

For the firm to expand its activities and earn greater profits, the company has several options to expand to other, even distant, markets.

Relatively low risky alternative is indirect exporting, when the firm uses external companies which act as independent chain of intermediaries. The advantage of using this method is that there is no need to realise great investment as it is not developing its own chain. This role is usually taken by domestic companies owning a special know-how and offer related services.

In relation to direct exporting, the businesses ensure the distribution and exporting on its own. However, the drawback of this approach is capital intensity and more risky alternative compared to indirect exporting. The firm may choose from various modes of entry to foreign markets. One of them is licensing which represents quite easy mode of entry when licensor provides a licensee the right to use the patent, trade mark or know-how, for a limited time based on contractual relation. In return for the provided rights,

the licensee pays the licensor fees. The advantage for licensor is that it is apparently capitally low alternative. On the contrary, higher level of risk is incurred as the licensor is not capable of controlling the licensee's behaviour and in some case may lead to destroying goodwill. Other drawbacks are that licensing is less profitable option in comparison with own production and after finishing the license agreement, the licensee has the opportunity to become a competitor to the former licensor. A special form of licensing is franchising which gives the licensor greater control over the licensee.

When the company encounters a perspective market with relatively rentable opportunities, it may decide for more risky and more capitally intensive alternative. One of those is joint venture which represents capital participation in other business. Thanks to joint venture, the company may use the knowledge and experience of foreign partner in the foreign market and may avoid difficulties in entering the market and diminishes economic and political risk of internationalisation process.

Subsidiaries or daughter companies represent one of the most intensive modes in engagement with foreign markets. Besides the foreign production, also other activities may be realised there. The role of mother company is mainly to manage, coordinate and control the subsidiary. However, the critique is often raised on a very intensive tendency to centralise decision-making processes and omitting regional interests of subsidiaries, usually resulting in neglecting regional differences on multitude of markets. The following chart summarises the features of different modes of entry for better lucidity.

Table 3: Basic features and characteristics of different modes of entry to foreign markets

(Source: Lesáková, 2011, pg. 355)

Mode/Features	Capital intensity	Level of control	Dependence on cooperation	Place of activities
Indirect export	very low	limited	low	home country of exporter
Direct export	low	high	low	home country of exporter
Licensing	low	limited	average	home country of exporter
Joint venture	average to high	average	high	foreign market
Production abroad	high	high	Low	foreign market
Subsidiary	high	high	low	foreign market

2 CURRENT SITUATION ANALYSIS

The following chapter is dedicated to a detailed and in-depth analysis of the observed company OASE – living water. It is divided into numerous subchapters dealing with a company introduction, then analysis of business environment both internal and external, and finally a concrete analysis of current marketing strategy used in the Slovak market.

2.1 Company Introduction

The company OASE (Living Water) which will be the prime focus of the thesis has been recognised as a global player in developing and providing water garden technology. The roots of this business go back to 1949 when the company started as a repair shop for agricultural machines and equipment; however, it has managed to become a global leader over decades. The company deals with not only the creation of fascinating water effects technology in private household gardens, but also with large imposing installations in public areas worldwide.

The company presents itself as a high-quality, innovative and water-passionate with commitment to nature. Therefore, they place a great importance on cutting-edge technology, highly-qualified employees, customer-centred service, holistic solutions and reliable products (Oase-livingwater.com, n.d.).

Core values of the business are environmental awareness and friendliness, sustainability and efficiency which are transferred into and visible in its product portfolio. The product portfolio consists of various components and mechanisms necessary for water effects. It includes fountains and fountain pumps, filter pumps and watercourse pumps, aeration, filters, UVC, pond cleaning and skimmers, pond care agents and fish medicine, illumination and power and finally to offer complex services they provide pond construction and landscaping services. Pictures of some examples of product portfolio can be seen in the Appendix 1.

In Slovakia, the current operations are conducted via the sole sales representative for the whole country. Besides the sales representative, the company contracts other businesses that may purchase and use the know-how, technology, products and other information necessary for offering water and related services.

Concurrently the closest OASE centre is located in the capital city of Hungary from which all distribution activities are conducted. Here, the question arises whether the company may increase its potential and penetrate the Slovak market deeper as it is a leader in the global scale which has been expanding its activities continuously to other bordering countries through its history as seen below.

2.1.1 History and 'Going Global'

OASE originated in Germany, in the beginning as a repair shop for agricultural machines in 1949. However, after 11 years it developed their first pumps for agricultural purposes. After that, six years later, the first fountain pump was introduced. Almost the following thirty years were not any special for the business, but in 1991 it started with a wave of expansions crossing borders of Germany. The first expansion was conducted to a neighbouring country, Belgium, where the first subsidiary was opened. The next subsidiaries were open in France and the United Kingdom. In 1994 the company expanded across the ocean to the US and after six years of gaining international strength it developed its market into Asia, concretely founded a subsidiary in Singapore. Year 2001 was accompanied with another expansion to Eastern Europe when two more subsidiaries in Poland and Hungary were founded. The new millennium was then characterised by several significant steps including opening a competence centre for design which was followed by establishing a production plant in China a year later. Consequently, in 2006, the change of brand was announced together with its new strategy. Again, in 2007, the new subsidiaries in Turkey and China were opened. A year later, OASE opens OASE Middle East in Dubai. In, 2009 a new Innovation centre was put into operation. The following years were accompanied by several acquisitions of other firms in the field, including Eden S.r.l. (Italy), Geo Global Partners (USA) and biOrb (UK). It is obvious that OASE is a really global player covering multitude of

markets all around the world. Its tendency is also to take other businesses over to penetrate the markets deeper and gain additional know-how inevitable for the future (Oase-livingwater.com, 2017).

2.1.2 Product portfolio

The company has identified three basic market segments that it serves (oase-livingwater.com, n.d.). The first target segment '**Water Gardens**' business segment which is the prime segment the company focuses the most and also during the analytical part this segment will be predominantly observed. Secondly, the segment of '**Fountain Technology**' is based on utilisation of light and water, in many cases with music as well, for inspiring and amazing staging of project solutions. The third segment is known as '**Lake Management**' dealing with ensuring the water quality in artificial bodies of water (golf courses, parks).

Generally, the product portfolio may be divided in four main groups:

- water garden;
- drainage & irrigation;
- indoor aquatics and
- fountains & lakes (oase-livingwater.com, 2017).

In terms of product variants, company offers low-medium class of products under the brand Pontec (not OASE). Medium class of products is called START version and the highest quality products are produced as PRO version.

2.2 Macro-Environmental Analysis

Important part of marketing strategy creation is the analysis of the external factors of environment that are uncontrollable, which shape in some way the activities and behaviour of the company. Therefore, the following part is dedicated to the analysis of external factors that may impact the functioning of the business either positively or negatively. Moreover, examining the trends in particular environments is especially

important. Analysis will be held on both aspects; factors influencing company's partners and the final customer.

2.2.1 Political Factors

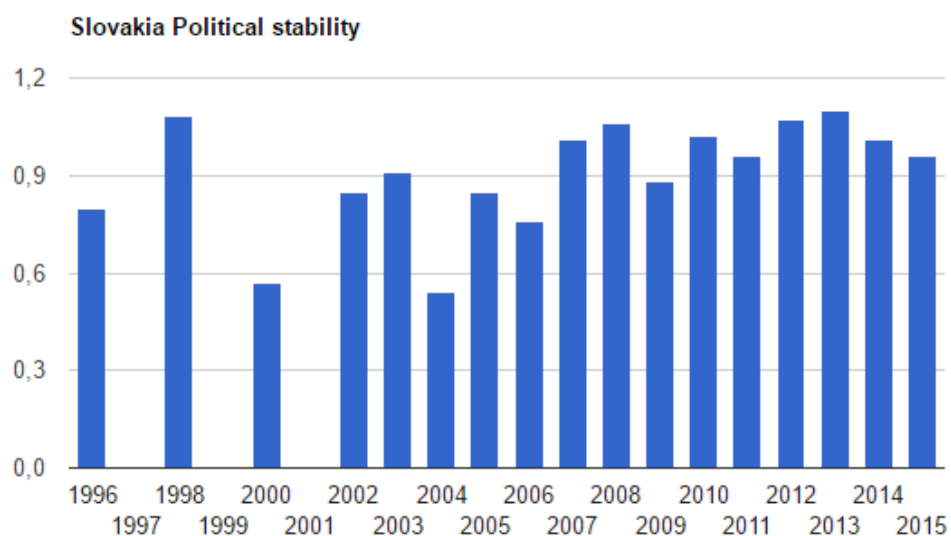
The potential intention to establish a subsidiary in the Slovak republic is significantly influenced by its stability and the approach of the country together with policy makers towards new foreign subjects. According to the data from The World Bank (2016) the political situation in Slovakia is considered to be stable and can be identified on the 33rd best place on earth to do business. What is more, Slovakia is part of multitude of world associations, organisations and international units such as the EU, MMF, OSN, WTO, OECD, Visegrad group, UNESCO, Schengen, NATO, CEFTA, INTERPOL, EBOR, IFC and IBRD (Ardal, 2009).

Political Stability

Based on the data from The Global Economy, the political stability of Slovakia culminated around 1.0 in 2015 and represented the average value (the lowest value – 2.5; the highest value representing strong political stability 2.5).

Figure 7 Development of index for Slovak political stability

(source: www.theglobaleconomy.com, 2017)



Approach and help to foreign subjects

In Slovakia, foreign businesses are fostered by the specialised agency - Slovak Investment and Trade Development Agency (SARIO) - focusing on foreign business help and thanks to the agency, doing business in Slovakia can be made easier. According to the data from SARIO (2017) the typical feature of Slovakia is its openness towards foreign subjects. Not only country fosters such subjects that bring jobs and capital to the country, moreover, SARIO works on a strategy setting and implementation to attract foreign investors bringing capital. Besides, it includes support pertaining to statistical, regional or sectorial analyses and data. What is more, valuable aspect is that it offers consultancy services helping businesses to seek for appropriate suppliers and service providers and also suitable real estate in case the business wants to open a subsidiary or a production plant (SARIO, 2017). The agency announces that, presently, the most important areas for the Slovak republic are areas related to modern technologies, promoting innovation, creativity, building R&D centres, etc. to which OASE may contribute in the future.

Corruption

Looking at the country from perspective of corruption appears to be important. Thanks to Corruption Perception Index observed by Transparency International, the business may assume how the corruption is spread throughout the country. For Slovakia, the specific score is 51 in 2016 (2015-51, 2014-50, 2013-47 and 2012-46) and ranks on 54th place in the world among 176 countries (Transparency International, 2017). The position of Slovakia rests in the first third of the world ranking, however, from the viewpoint of the business, prevailing corruption, bribery and inequality in power distribution may represent a threat.

Bureaucratic barriers and consequent operating expenses

Another aspect to be considered are numerous bureaucratic barriers businesses encounter, whilst establishing a new subsidiary. A widely-known measure for ease of doing business is conducted by the World Bank in its annual Doing Business Reports in which different aspects associated to establishment of a new business in a particular country are observed.

The positive aspect of Slovakia is that it occupies 33rd place (with 75.61 score) in the world and is classified in the first category spanning from 1-38 place (World Bank, 2017). Compared to the OECD average reaching 77.65, Slovakia ranks below average and also lags behind the Czech Republic (76.71 score) and Slovenia (76.14 score).

The first indicator 'Starting a business' comprises facts dealing with how a country supports or hampers initial activities connected to opening business. In 2013, the process of processing the applications for starting a business has sped up thanks to opening the one-stop shops. One-stop shops enable entrepreneurs and businesses to deal quickly with trade licenses, income tax registrations and health insurance registrations. However, a year later the process was slowed down by adding up additional procedure when establishing a limited liability company. In 2015, the process was again eased by elimination of the necessity to verify signature and also shortening the time needed for registration. Later on, the registration process was simplified by enabling the whole process of registration at one-stop shops.

In terms of building a warehouse, dealing with construction permits, it is necessary to conduct 10 procedures which take more than 286 days to accomplish and in general it costs 0.1% of the warehouse value. The expected value for constructing a warehouse in Slovakia (Bratislava) is given at 702,701 Eur. This process is also connected to registering the property in the country which requires only 3 procedures, however, takes 16.5 days to accomplish with no fees. On the contrary, rent of premises costs around 4.5Eur – 5.5Eur per square m.

Another important issue when establishing a subsidiary may be credit accessibility. The important feature of a country is whether it strengthens legal rights of borrower and lenders and also scope, coverage and attainability of credit information. As a result, it may increase accessibility of entrepreneurs and businesses to credit. Regarding to credit accessibility the Slovak republic, borrowers have the right to inspect their own data and information which is guaranteed by law. This was put into operation in 2012 and three years after, in 2015, a new law on protection of personal data was established.

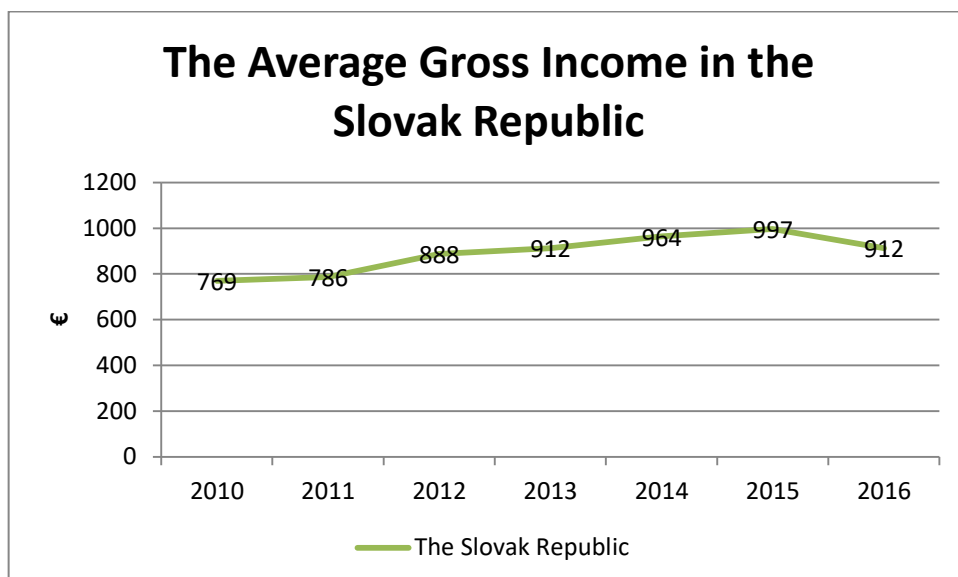
2.2.2 Economic Factors

The importance of economic environment may be seen from various perspectives. It is inevitable to study minimum wage, tax system together with potential and location of industrial zones. Those two aspects may be crucial when establishing new business. The company should also focus on observing the average level of income of residents and as it significantly influences purchasing of company's products and services.

Income

Examining the level of income and its spreading across the country is important in relation to setting the price of products and the potential demand of final customers to obtain them. As construction of pond, lake or fountain is connected to a purchase of higher amount of money (around 800 - 1400 €, in case of bigger area even more) and is not considered as a need, the price of it should be adequately set in relation to average income. In Slovakia, the average income reached the level of 912 € in 2016. The more precise snapshot is seen below capturing the period from 2010 to 2016.

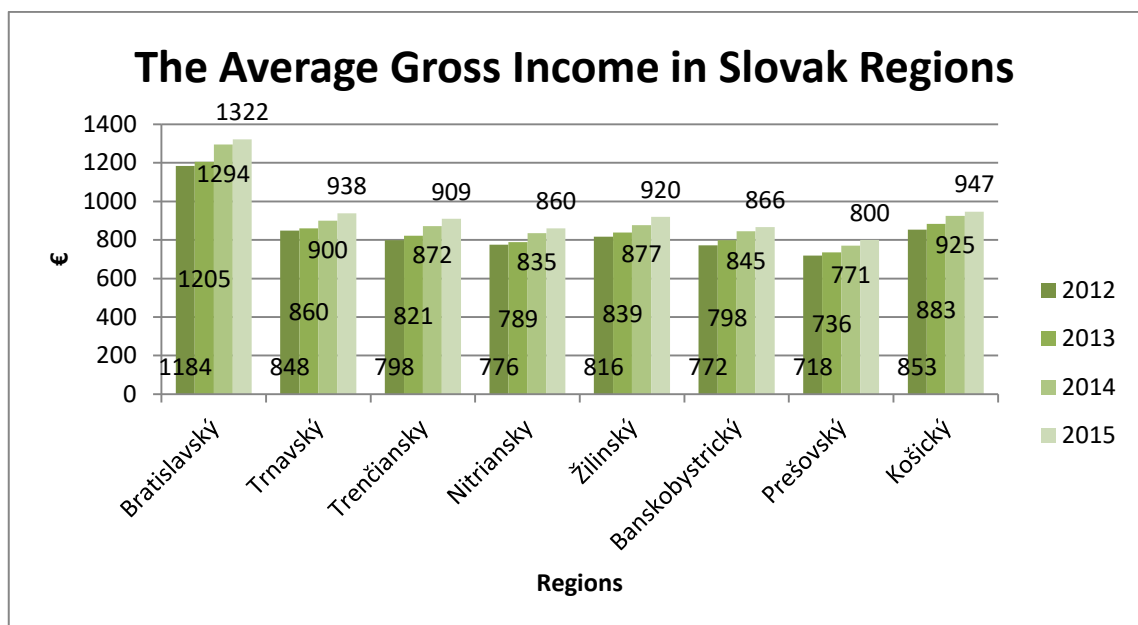
Figure 8: The Average Gross Income in the Slovak Republic from 2010 to 2016
(source: own processing according to www.statistics.sk)



However, the more important is the average income relating to particular regions in Slovakia which may relate to target segments for the company, on one hand. On the other hand, it may represent the level of income that could be accepted if establishing a new branch.

Figure 9: The Average Income in the Slovakia in individual regions

(source: own processing according to www.statistics.sk)



Based on the information above, Bratislava region represents the sub-segment with the highest income among all eight regions. The reason for such results is that the capital city is located in the region together with smaller towns and cities inhabited by residents working in Bratislava. The level of income over 900 € income is met by Košice region, Trnava, Žilina and Trenčín region. As shown above, there is the tendency of salaries to rise which is the positive effect as it allows more families and entities to purchase OASE products and technology.

Another aspect to be considered is increasing minimum wage (Minimalnamzda.sk, n.d.) that would mean an increase in total labour costs in case of opening a Slovak branch and the question is whether the company would be able to cope with such a situation if it was to establish a new subsidiary.

Figure 10 Development of level of minimum wage in Slovakia since 1993 to 2017

(source: own processing according to minimalnamzda.sk, n.d.)



Growing economy

What is more, the positive feature of Slovakia is that it is perceived as one of the fastest growing economies in Europe. For 2016, the Slovak Republic occupied the 6th place after Ireland, Romania, Malta, Luxembourg, Poland and Sweden. Places were calculated according to the GDP growth in percentage (World Economic Forum, 2016)

Taxes

The level of tax burden may impact running the business mainly from the viewpoint of its operating costs. In Slovakia, the tax system is prescribed in various types that businesses are obliged to pay. The system of taxes for businesses is set as follows:

- corporate income tax: 22% of taxable profit;
- social security contributions: 35.2% of gross wages;
- waste collection: 16.59% of kg of non-toxic waste collected;
- tax on interest: 19% of interest income;
- property tax: 0.90% (adjusted) of area of land not occupied by building;
- motor vehicle tax: in the form of fixed fee and

- value added tax: 20% of added value.

The year 2013 meant a great support for businesses, as the system of paying taxes was made easier for businesses thanks to establishment of electronic filling and payment of social security and health insurance contributions for employers. However, the year 2014 was characterised by an increase in tax burden of economic subjects as corporate income tax was increased. Moreover, land appraisal values were adjusted. On the contrary in 2016, electronic filling and payment system for Value Added Tax (VAT) was introduced which consequently enabled lowering the tax burden also accompanied by reducing the corporate income tax rate and making medical health insurance tax deductible. The year 2017 is accompanied by reducing the motor vehicle tax and the number of property tax payments.

Industrial zones

One of the target segments could be businesses and companies located in industrial zones spread across the country, as they may wish to adorn either inner or outer parts of their premises and administrative buildings with tanks, ponds, lakes or fountains. Moreover, indicating those industrial parks/zones may be helpful in case of establishing a new branch and foster finding a suitable location and partners for future cooperation for the business.

Industrial areas in Slovakia offer premises for rent, building of premises or purchase of technologies via leasing which in fact allow businesses to start with relatively low amount of cash. Industrial areas are located in all eight regions; however, differ according to total area, number of employed people or field of business. The most frequently used zones are predominantly located in the western and northern part of Slovakia. The reason is the suitable road infrastructure and connection with foreign partners. Currently, the importance of industrial zones based in the middle of Slovakia (around Banska Bystrica region) is increasing thanks to building up the high way enabling quicker connection to western parts. The list of industrial zones can be found in the Appendix 2.

2.2.3 Socio-cultural Factors

While examining socio-cultural environment, it is necessary to realise that obtaining products or services from the company is usually based on other aspects than the necessity (may be in cases where there is either dry soil or environment and the subject needs to ensure suitable humidity in a place). The reason for purchasing a pond or fountain in the garden, public places of business premises tends to primarily be a want or desire of people for design, aesthetics, relax or great visual look of a chosen place. Owning such things usually represents higher standard of living. Therefore, this type of environment may influence the company from such a perspective that it is necessary to observe customer trends, whether people incline more to design or visual look of their gardens, what the standard of living is, also lifestyle or attitude to work-life balance. Migration may be another factor to consider and it may indicate where population tends to settle and, based on this, the company may decide where it is optimal to locate its warehouses or production plants to reach its customers directly and on time. The company may capture the tendency of people to locate and settle in areas where there is an opportunity or potential to construct ponds or fountains.

The general presumption is that, usually, people tend to be interested in purchasing ponds or other water services when they possess sufficient space for such an issue and this may be the sign of living in small cities or villages or in the suburbs of bigger cities, too. As households with water gardens are the main focus of the business, the following part is dedicated to examining the suitable number of towns in Slovakia and number of people living towns which could be convenient for pond construction or fountain placement and potentially become the target segment. For detailed information, please, see Appendix 3.

Based on the previous analysis of environment, the presumption may be that the key segments for offering the company's services would be towns and cities with highest rates of moving in, which means the groups of towns with more than 2000 inhabitants to 4999 or towns and cities with more than 5000 residents, but less than 10 000 and cities over 10 000 inhabitants, but less than 19 999.

Figure 11: Number of municipalities in given regions and individual categories

(Source: own elaboration according to data from www.statistics.sk)

Region	Categories of municipalities			Total number of municipalities in regions
	2 000-4 999	5 000-9 999	10 000-19 999	
Košice	36	11	2	49
Prešov	45	7	6	58
Banská Bystrica	23	10	6	39
Žilina	45	13	3	61
Nitra	41	7	4	52
Trenčín	31	5	5	41
Trnava	43	6	4	53
Bratislava	23	8	5	36
Total number of municipalities in a given category	287	67	35	389

The previous table displays all eight regions in Slovakia and the total number of municipalities located in the region. Subsequently, there is also a division of individual categories according to number of population living in the municipality.

The table suggest that there is the highest proportion of municipalities with population spanning from 2 000 to 4 999, concretely 287 municipalities, with highest frequency. The second most suitable areas are municipalities with number of residents over 5000 but less than 9999, exactly 67 municipalities. The least frequent were cities and municipalities with more than 10 000 inhabitants, but less than 19 999, only 35 municipalities.

The total number of adequate municipalities (as an interesting target segments) in Slovakia represent 389 cities and towns. Putting in order, it seems that the highest appearance of the most adequate cities as potential target segments spread across Žilina, Prešov and Trnava region.

Figure 12: Summarising of the most adequate places as potential target segments of final customers

(Source: own elaboration according to www.statistics.sk)

Region	Total number of municipalities in region
Bratislava	36
Banská Bystrica	39
Trenčín	41
Košice	49
Nitra	52
Trnava	53
Prešov	58
Žilina	61
Total	389

The following table identifies some examples of potentially interesting towns, villages and cities that could increase the demand for company's products and services.

Bratislava	Bratislava - Záhorská Bystrica, Bratislava – Rusovce, Rohožník, Veľké Leváre, Závod, Gajary, Lozorno, Plavecký Štvrtok, Vysoká pri Morave, Zohor, Budmerice, Častá, Slovenský Grob, Šenkvice, Viničné, Chorvátsky Grob, Malinovo, Miloslavov, Most pri Bratislave, Nová Dedinka, Rovinka, Tomášov, Veľký Biel, Bratislava – Vajnory, Bratislava – Lamač, Stupava, Svätý Jur, Modra, Bernolákovo, Ivanka pri Dunaji, Dunajská Lužná, etc.
Banská Bystrica	Hriňová, Krupina, Poltár, Tornaľa, Hnúšťa, Sliač, Nová Baňa, Kalinovo, Kokava nad Rimavicou, Jelšava, Jesenské, Klenovec, Tisovec, Očová, Pliešovce, Zvolenská Slatina, Hodruša – Hámre, etc.
Trenčín	Ilava, Brezová pod Bradlom, Stará Turá, Beluša, Nemšová, Košeca, Ladce, Pruské, Bzince pod Javorinou, Čachtice, Moravské Lieskové Veľké Uherce, Bošany, Chynorany, Papradno, Bojnice
Košice	Dobšiná, Sobrance, Krompachy, Smižany, Kráľovský Chlmec,

	Sečovce, Moldava nad Bodvou, Nálepko, Prakovce, Richnava, Švedlár, Košice – Ťahanovce, Košice – Myslava, Košice - Košická Nová Ves, Košice – Barca, Košice – Krásna, Čečejuvce, Drienovec, etc.
Nitra	Kozárovce, Tekovské Lužany, Tlmače, Branč, Jelenec, Lehota, Mojmírovce, Rišňovce, Veľké Zálužie, Výčapy – Opatovce, Zbehy, Tešedíkovo, Trnovec nad Váhom, Vlčany, Prašice, Solčany, Veľké Ripňany, Bojná, Topoľčianky, etc.
Trnava	Veľký Meder, Gabčíkovo, Sládkovičovo, Vrbové, Šaštín – Stráže, Gbely, Lehnice, Nový Život, Okoč, Topoľníky, Vrakúň, Zlaté Klasy, Trhová Hradská, Horné Saliby, Jelka, Pata, Šoporňa, Trstice, Váhovce, Veľká Mača, Veľké Úľany, Matúškovo, Špačince, Šúrovce, Zavar, Zeleneč, Hrnčiarovce nad Parnou etc.
Prešov	Spišská Stará Ves, Stráne pod Tatrami, Veľká Lomnica, Spišské Podhradie, Spišský Štvrtok, Batizovce, Liptovská Teplička, Spišská Teplica, Spišské Bystré, Spišský Štiavnik, Štrba, Vysoké Tatry, Sabinov, Stará Ľubovňa, Stropkov, etc.
Žilina	Krásno nad Kysucou, Oščadnica, Raková, Skalité, Turzovka, Liptovský Hrádok, Vrútky, Námestovo, Zákamenné, Turčianske Teplice, Trstená, Tvrdošín, Rajec, Nová Bystrica, Stará Bystrica, Staškov, Vysoká nad Kysucou, Zázrivá, Kysucký Lieskovec, Nesluša, Važec, Východná, Sučany, etc.

Trends in garden architecture

The social-cultural environment may be also related to current trends in garden architecture. Such factors may influence the company either positively or negatively. If the tendency to create and construct water gardens with using ponds and fountains and other staff prevails, it results in positive business outcome as it is a consequence of a greater demand. In case, there is a trend to create gardens in which people grow crops, it may potentially displace the demand for company's products and services. Thus, the subsequent part examines numerous Slovak garden architecture portals and also

businesses specialising in garden architecture and they approach to current trends also in water garden architecture.

Firstly observed business GreenFinger, s. r. o and its own portal (greenfingers.sk, 2017) which is specialises in garden design creation from the initial project until the entire realisation of a garden. According to the portal, using water in gardens brings dynamic and modern look and the garden subsequently seems to be more flexible. Water is usually combined with natural materials including stones, metals or glass. They announce that water in move or falling into reservoirs of precisely geometric patterns is very trendy (eurogreen.sk, n.d.).

Similarly, the web portal www.realizacia-zahrad.sk asserts that the typical self-purpose gardens with central lawn bordered with trees are diminishing. Nowadays gardens tend to bring more pleasure, beauty and opportunities to spend time. Usually, typically natural components are included (stones, ropes, etc.). Moreover, another trend is to own natural gardens which are created thanks to interaction of live self-sustaining systems with nature. With a bit of imagination, small ecologic mini-ecosystems can be created. Another trend in Slovakia, using company's products and services, are English gardens. In this type of gardens usually people combine reservoirs or pools with flowing water which are in contrast to straight lines of other components in the garden. The last trend, that the portal publishes, are Japanese gardens with typical features including natural water areas with fountains often regarded as kitch. What is more, in case of garden ponds the trend is to place conifers or a lot of blooming ground wood by a pond to complement the whole atmosphere and dulcify the stay by the pond (veselebyvanie.sk, 2016).

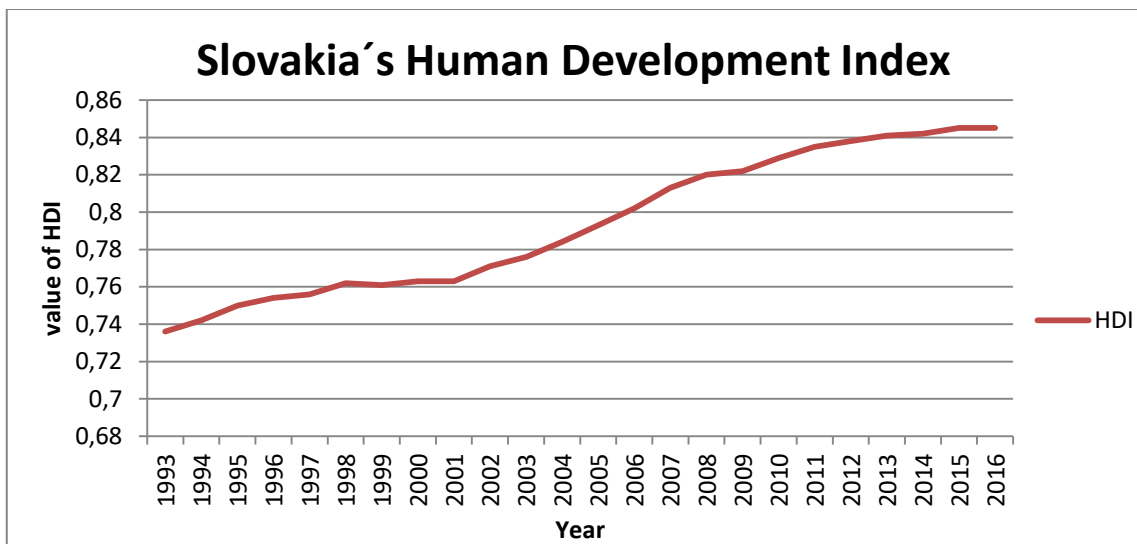
According to www.topstavebne.sk water element in garden is regarded as an interesting element which serves as a mirror. It also enriches the garden with movement and may serve as pipe music. The stress is put mainly on quality of used materials. The modern gardens combine traditional and new composition elements including wood, stone, metal, glass, concrete and plastic, etc.

Standard of living

The level of standard of living is generally evaluated by numerous indicators. One of them is, for instance, the Index of Human Development (HDI) developed by United Nations Development Programme. It measures the development of society in three dimensions: health, education and the standard of living. The role of the index is the evaluation of attained standard of living by one index and subsequently it enables the international comparison of countries. Moreover, it indicates how the economic growth is displayed on the quality of life. The results for the Slovak republic over the captured period from 1993 until 2016 are represent below in the graph. As may be seen the HDI has been constantly increasing and from the initial value of 0.736 (out of 1.000) in 1993 the final value in 2016 reached 0.845 which means very high human development for the Slovak republic. In 2016, Slovakia reached 40th place among all 188 countries in the world.

Figure 13: Human Development Index for Slovakia over 1993 – 2016

(Source: own elaboration according to Human Development Report 2016 and United Nations Development Programme, 2016)



Based on the previously gathered data, the trend of increasing standard of living is seen. Therefore, it may be presumed that as the standard of living is increasing, people will

prefer investment in healthier, more quality and full-valued life which may be potentially reached also by purchasing company's products and services.

To sum up socio-cultural environment may potentially impact the functioning of the company to a high extent, as purchasing company's products or services is not a need for people, but usually a want and often is a symbol of higher standard of living.

2.2.4 Legal Factors

This type of external environment may potentially mean a remarkable influence on the company operation from the viewpoint of restricting or abandonment of substances that are used in water cleaning and other processes. It may include also restricting of various technologies used in water conditioning processes. As Slovakia is a part of the EU its regulations must comply with those belonging to EU legal system. Some of the aspects may overlap with ecological/environmental or technological factors.

One of such aspects is the regulation called REACH (introduced by the EU) pertaining to the chemicals used in general. As the company operates on numerous continents it must comply with both regulations applied on different markets. Since some of the chemicals (potentially used on the U.S. market) can be used elsewhere, the EU restricts its usage on its market and therefore in Slovakia. Next example can be *COUNCIL DIRECTIVE 2006/88/EC on animal health requirements for aquaculture animals and products thereof, and on the prevention and control of certain diseases in aquatic animals*. Such a regulation can be limiting when preparing a pond where a client wants to place fish or other aquatic animals for pond cleaning and conditioning.

The threat for such a type of business for the future could lie in abandonment or limitation of bio filtration of ponds with certain type of bacteria in water filters. Not only bacteria, but also way of filtering water, using pesticides, placing electricity cables for filtering or type of material used, may influence the business later on if any type of restriction would be a threat.

2.2.5 Technological Factors

Enhancements in technology environment, innovation of products and technology development are particularly important aspects in this sector. It is highly dependent on improvements in technology often confronted with restrictions, regulations and law pertaining to ecology and environmental protection.

The trend is to improve technology for lower energy consumption, extending service life, be more considerate to environment and technology improving water quality, etc. Moreover, presently, mobile applications interfere also with that industry in the form of managing the lightening of ponds and fountains, the strength of the flow of water, the start and the end of filtering and so forth, etc.

Thus, due to knowing whether the Slovak customer would be able to use devices, it could be inevitable to observe how electronic devices are used in Slovakia and look at the forecast of smartphone users until 2020.

Figure 14: Electronic Device Usage in Slovakia

(Source: Statista, 2017)

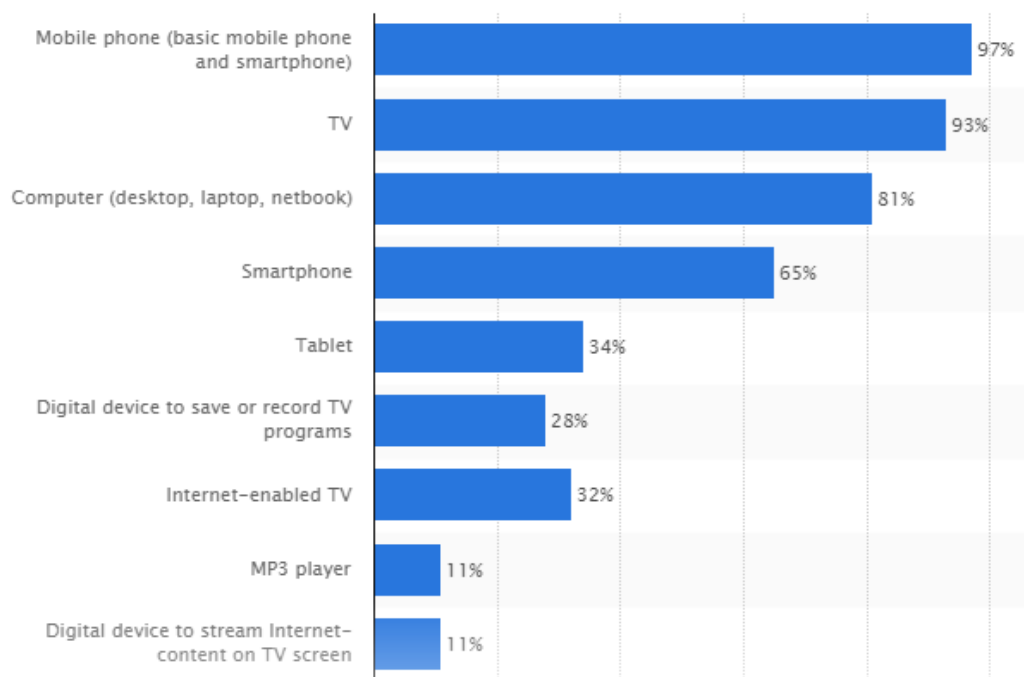
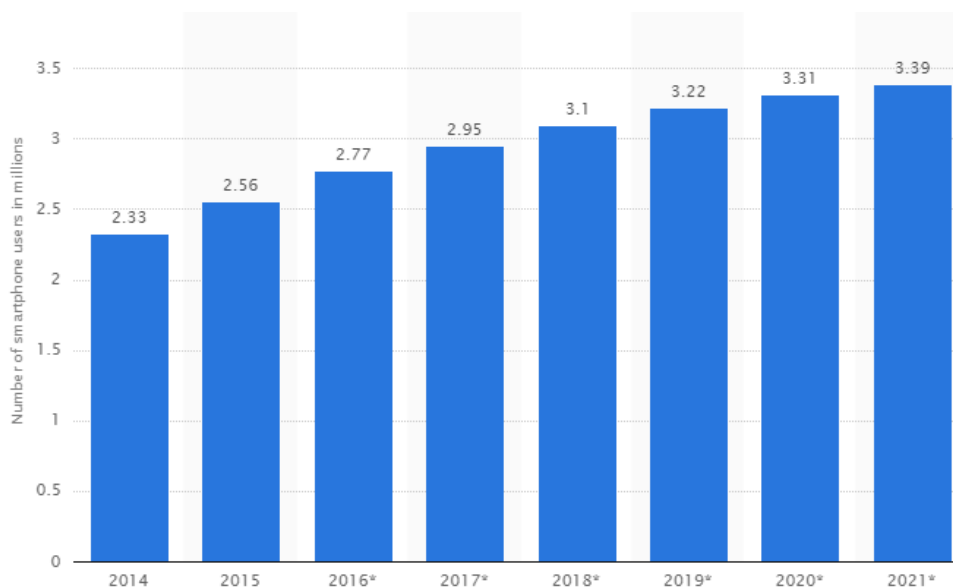


Figure 15: Forecast of smartphone user numbers in Slovakia from 2014 to 2021 (in million users)

(Source: Statista, 2017)



2.2.6 Ecological Factors

Ecological environmental issues are notably important for such a type of business since, nowadays, there is a tendency to protect the environment in general, not only in the industry of pond, pool or fountain construction. Therefore, the pressure for more ecological technologies is straightforward and such a type of business should adapt to and cope with any changes immediately. Those factors include saving energy, protection of the environment and microorganisms in water, more efficient electronics with long service life, etc. Moreover, in constructing a bio pond there may be some more aspects to be considered, for instance, self-cleaning mechanisms and organisms, water cleanness and security and PH.

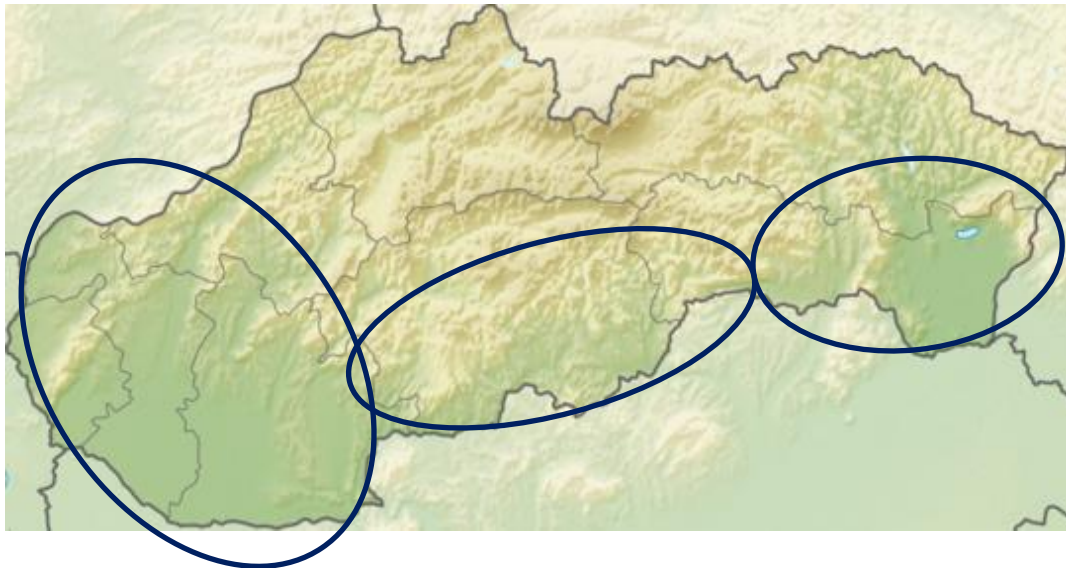
As this type of business is tightly connected to nature and environment, any changes or restrictions modifying the industry would have a significant impact on the business.

Geographical landscape and natural conditions

Looking at geography and country relief may appear to be another important factor. Building a pond, lake, etc. may be conducted almost anywhere, however, hilly or mountainous areas represent more difficult alternative as it is related to modification and special reinforcement of the terrain, which in turn ends with high costs for the customer (zahradnejazierka.sk, nd.). Another barrier in constructing a pond could be deciduous trees or conifers that could pollute the water or their roots that would damage the pond fleece and liner. Therefore, the roots must be protected with a barrier or the position of the pond must be changed. It is advised to place a pond at a place with maximum six hours of sunlight per day to prevent algae growth to grow excessively. Sufficiency of sunlight in Slovakia may be a positive aspect (SHMU, 2017). Also, the depth of the pond should be at least 80 centimetres in order to prevent the pond from complete freezing in winter. The following map shows the terrain and relief in the Slovak Republic.

Figure 16: Relief of Slovakia

(source: Google, 2017)



Based on the picture above, it may seem that the most suitable target segments lie in Slovak lowlands spreading across western, south-western, southern and eastern part of Slovakia with adequate climate, soils and natural conditions. Other areas apparently mean less attractive alternative for choosing target segments.

2.2.7 Summary

	Factor	Risks/Threats	Impact 1- lowest 10 – highest	Trend	Opportunities	Impact 1- lowest 10 – highest	Trend
	Socio-cultural environment	None	-	-	trends in water gardening (8), increasing standard of living (8), migration to areas with greater space (7)	8	increasing
Outer environment	Legal environment	REACH regulation, Council Directive 2006/88/EC	6	increasing	None	-	-
-	Economic environment	tax system (7), increasing minimum wage (7)	7	increasing	industrial areas (8), growing economy (6), increasing minimum and average salary (8)	7	increasing
PESTLE analysis	Political environment	corruption	5	stable	stable political situation	5	stable
	Technology environment	enhancements in technological processes	9	increasing	enhancements of technology, electronic device users, smartphone users	9	increasing
	Ecological environment/natural	pressure for ecological approach and technology	8	increasing	geographical landscape	5	stable

2.3. Porter's Five Forces

Thanks to the usage of Porter's Five Forces Model, the position of company OASE in the Slovak market can be examined and as a result the opportunities and threats in the market can be revealed.

2.3.1 Bargaining Power of Suppliers

The first type of subject, that the company comes into contact with are suppliers. In case of OASE, suppliers are mainly manufacturing businesses which produce and finally provide suitable materials, components, chemicals and accessories used for production of products that OASE consequently sells to other businesses or its customers.

Those can be, for instance, companies producing and providing:

- plastic sheets which serve as coverages on filters, skimmers, pumps or aerators;
- glass used for illumination or fountains or other purposes in filtration;
- metal components used in fountains, filters, pumps, aeration
- cables, rubber liners and foils, tubes, etc.,
- medicaments for fish,
- chemicals and special bacteria used for cleaning ponds.

As the company acts as a global company buying in bulk of mentioned materials and components, there is space for the company to negotiate more advantageous and lucrative conditions for OASE in the form of rabats or discounts compared to other firms which purchase materials only in negligible amounts. It is noteworthy to realise, that it is inevitable to create tight relationships with suppliers since it is typical in these types of businesses that the relationships between partners tend to be long-term. Firms seek for reliable partners with required quality and service mainly in Germany. Other components which quality is not that important compared to others (plastic coverages/sheets from China, pond liners from the Czech Republic, light bulbs from Phillips, etc.) are supplied also by foreign subjects. As OASE presents itself as a high-

quality brand with German footprint the choice of suppliers is very precise. Usually those partners/suppliers are located in the neighbourhood of the company to ensure quick and immediate transport of desired materials. Hence, the bargaining power of suppliers can be perceived as low, since they are usually in the position of the 'second player' or 'follower' when the conditions are dictated by the 'giant'.

2.3.2 Bargaining Power of Customers

Typical customers are smaller or medium sized firms – garden centres or distributors - that purchase the technology from the company, mainly dealing with constructing of ponds itself, e.g. those who physically prepare and modify the landscape, build the pond, design it and adorn with accessories or fish. These small businesses must follow the contract that was signed, OASE even decides, whether it allows the subject to sell its products and technology. The tendency of OASE is to evaluate the partners according to the design of their premises, turnover, warehouse stocks, spare parts and showroom, but so far only in Germany. The contracts are set according to requirements of OASE which are based on internal vision, design and quality. Moreover, OASE has the right to decide what volume of products must be purchased (to make the sale), what technology to use, what processes to follow and what brand to use, etc. Thus, the business that purchases from OASE must adopt and adapt to requirements and follow them. Otherwise, OASE has the right to terminate the contract.

Therefore, the assumption is that the bargaining power of customers is low, since OASE is the subject that sets the conditions of cooperation.

2.3.3 Rivalry of Existing Firms

Competition in the industry can be considered as rather high. As there are numerous firms providing similar services or products, the competition is fierce. In the Slovak market, there are mainly foreign businesses (in terms of pond rivalry), however, the main competitors can be Heissner, Velda, Ubinkk, Messner, Pontec, Inazuma, predominantly with foreign headquarters. This type of businesses is run on similar

basis. They use other intermediaries, usually either smaller garden centres or bigger distributors which sell their products.

It is also dependent on corporate policies, whether the company aims at competing by quality of products, extensiveness of product portfolio, price, and flexibility of delivery or service provided. Overall, rivalry of existing firms may be regarded as high depending on above mentioned aspects. More precise analysis of existing competitors can be found in the subsequent part.

2.3.4 Threat of Substitutes

In terms of OASE firms buying equipment and technology from OASE, there is a broad spectrum of various brands and companies providing water garden technology. Usually, those companies are rather big players. However, the choice of such a company may differ mainly due to the quality of service and technology or equipment etc.

A different viewpoint on substitute products from the side of the final customer could be for instance dedicating the space in the garden for field used for growing crops, or building a swimming pool or other purposes, etc. However, those aspects have falling tendency. Therefore, the threat of substitutes can be considered as medium.

2.3.5 Threat of New Entrants

If a new entrant aims at entering the industry, barriers restraining this action may not be visible immediately. The point is, conducting business in the field is usually based on long-term relationships between companies and it may be very time-demanding and difficult to create relationship with partners. Trustworthiness and reliability of the business together with personal contacts are crucial. The importance of liability of insidership and creation of networks is recognised.

Another aspect to be considered is the capital. Opening up the business dealing with buying equipment, material and components in bulk with the aim of future

modification, development of technology and inserting it into products and later on acting as a wholesaler is not considered as a one-day procedure. It requires great capital in the form of an initial investment into administrative buildings, warehouses, production plants, purchasing technology, human resource, etc.

In the industry, there are several global players operating on different markets which have the ability to push away smaller players. It may be concluded that the threat of new entrants is perceived as low because there are numerous barriers that protect incumbents from new entrants.

Table 4: Porter’s Five Forces Summary

Factor	Risks	Trends	Opportunities	Trends	Importance
Bargaining power of suppliers	unfavourable development in metal, glass, plastic prices influencing input costs	stable	negotiating power as a big player	stable	low
Bargaining power of customers	interest in cheap variants of solutions to decrease initial costs, weak coverage of customers	decreasing	negotiating power as a big player	increasing	low
Threat of new entrants	no risk	stable	penetrating the slovak market even deeper	increasing	low
Threat of substitutes	tendency to choose garden space for growing crops, swimming pools	decreasing	customers rather choose high quality and long life solutions	increasing	medium
Rivalry of existing firms	preference of businesses providing lower quality for lower price	decreasing	gaining additional market share from existing firms	increasing	high

2.4 Strategies of Key Competitors

In order to be able to set appropriate marketing strategy for the Slovak market, it is inevitable to look at strategies of competing firms. Below, there are 4 important competitors that could potentially either threaten OASE’s business or challenge it, which will in return bring positive outcome.

Heissner

The first crucial competitor is Heissner. Comparably, it is German based water garden equipment provider. Its presence on the European market lasts since 1872. However, the

initial business was focused on garden gnome production and since 1960 their business has been dealing with garden pond equipment similarly to OASE.

Its distribution channel is different from OASE as it distributes its products through retail dealers, but also DIY customers who create the pond themselves; which are not possible in case of OASE. In Slovakia, they use mainly its own distributor OBI with the usage of sales branch in neighbouring countries of the Czech Republic, Poland and Austria, moreover, it is spread across Europe also in Great Britain, France and the Netherlands. However, distribution is not exclusive, because it offers more brands, not only Heissner. Currently, OBI's branches are spread across Slovakia in Trnava, Nitra, Bratislava, Prievidza, Trenčín, Banská Bystrica and Martin.

In terms of a product, it offers predominantly the basic equipment similar to a START (middle class) category of OASE. Their business focuses only on garden ponds/water gardens, unlike OASE which spreads its activities also across fountains, drainage and irrigation and finally indoor aquatics. However, their product portfolio is extended by solar pumps which are not provided by OASE.

As a result, their pricing strategy relates to product category. The entire equipment necessary for the whole pond construction costs around 700-800€ without the work and service (Heissner, 2017).

The communication on their web site www.heissner.de is comparable to OASE's. Even the design of the web site is conformable, but adapted only to German language. The following communication of its products is ensured by its distributor, for instance, OBI (www.ob.sk) which creates its own communication strategy which is hardly influenced by the company, which is ultimately unpredictable. Also other activities fostering communication with the final customer are ensured by its distributor in the Slovak market. Advertisements, TV ads, billboards, megaboards are then executed by OBI as a part of their communication strategy. Moreover, reaching the final customer can be enabled also by Facebook page in German language.

In terms of communication of Heissner and its potential distributor, the web site is not translated into Slovak language. However, the communication is ensured by the sales representative who communicates conditions, products, etc. with the distributor, moreover, the catalogues with precise and detailed description of product portfolio is offered.

Velda

Velda is another competing firm, together with its brand on the Slovak market. Velda is originally based in the Netherlands and perceived as a market leader in Benelux countries and on other European markets acts as influential player (Velda, 2017). The history of the company goes back to 1969 when it started as small aquarium shop in Enschede. The key 'ingredient' used in their products is innovation (Velda, 2017). The business acts as a supplier of broad product portfolio enabling the pond construction.

The product portfolio of Velda includes large assortment of pond products (algae, filtration and aeration, fish, water care products, plants, lightning, decoration etc.), but not as extensive as OASE's portfolio. Moreover, the product portfolio lacks drainage products, indoor aquatics or fountains. What is interesting is that the innovation is displayed in the application that the company has developed. The application allows checking the hardness of water via a mobile phone. In terms of quality of products, Velda offers lower or middle class of products comparable to Pontec (low class) or START version of OASE.

Similarly to previous competitor, the pricing strategy relates to the quality of products. As it offers lower or middle class of products, prices are based on it. What is more, the vision of the company lies in the fact that they want to 'make pond perception within easy reach of anyone'.

The distribution is again carried out by smaller companies providing complex services dealing with the entire pond creation in Slovakia as its closest retailers to Slovakia are located near German-Austrian borders (Velda, 2017). Therefore, the distribution

channel is enriched by other intermediaries whose control of usage or product may appear difficult. There are no retailers in Slovakia with exclusive distribution.

Communication with a customer is ensured via its web site, where the customer can sign in to receive news, tips and advice regularly in the form of direct mail. Also catalogues with manuals are offered to the customers. Communication is also through Facebook page in the Dutch language. In the same vein, communication in the Slovak market is furtherly ensured by subjects which purchase company's products in the form of their own communication plan.

Inazuma

Another competing firm in the sphere of water gardens can be Inazuma. It is again German based company specialising mainly in the production of drum filters used in koi and swimming ponds. Their specific focus is put, primarily, on innovation and technology which ultimately results in such products that need reduced maintenance work (Inazuma, 2017). The idea of the company is that they attempt to 'make good things even better'.

Their product portfolio is extended only to production and selling of filters however, with a very high quality of production, normally used for professional purposes. Their products can be used for:

- Process water treatment;
- Cooling water cleaning;
- Wastewater treatment;
- Close loop plants;
- Fish farms and
- Zoological storage tanks/zoological gardens (Inazuma, 2017).

Thus, the prices are apparently adapted to the high quality of offered production. In relation to OASE the price level resembles OASE's PRO level products. As a result,

distribution in Slovakia is only through other subjects that use their technology, not available for sale to households. Using an intermediary such as OBI would be inappropriate. Communication strategy is focused on B2B market which is mainly focused on personal sales in order to create relationships with its customers. The form of catalogues, manuals is used as well.

Jebao

This competing firm is Chinese based producer of water garden equipment. It operates internationally all over the world. Its history goes back to 1998 and since then their business is focused on pond accessories, fountain pumps, lights and aquarium accessories (Jebao, 2017).

Comparably to OASE product portfolio it includes various spheres not only pond equipment, but also fountains, lightning and accessories. However, the quality remains on the level of Pontec class (low class) of OASE products. The disadvantage of their products is mainly spare components, which are hardly accessible if the production of a particular item stops being produced. Controversially, OASE spare components are still available 5 years after not being produced.

Price of those products is rather low compared to OASE START or PRO class of products and, therefore, is accessible for broader scale of customers. It is also suitable for businesses that look for cheap opportunities on the market.

Distribution is ensured by the businesses that engage in the complete service providing in water garden market. Those are companies that offer the final customer entire building of a pond, fountain, etc like Petomar, s. r.o. (Heureka, 2017).

Communication strategy is dependent on the fact that it is B2B market. Personal sales and creation of tight relations is inevitable. Providing of catalogues together with information on their web site is helpful. However, the negative aspect of communicating by web site is that its look and design is very simple and not attractive.

2.5 Key Success Factors in Water Garden Technology Market

Technology and innovation - Importance of technological development and innovation in this sector must not be neglected and appears to be the most crucial aspect that helps businesses to grow. Usually, technology is associated with developing and innovation of products that are nature friendly, ecological and energy saving.

Service - The level of service is considered as another crucial aspect. Offering spare components, prepared anytime in stock, and also prolonged guarantee period set by law (2 years) appears to be important. As a result, the perception of extraordinary quality increases. What is more, offering technology-demanding products requires professionals being able to apply and sell those products to final customers. Therefore, providing in-depth, professional and technical education and courses to customers (firms selling their products and constructing the ponds) are inevitable.

Flexibility in supply - Being in a close contact with customers is vital as customers can immediately and in relatively short time visit the branch or warehouse of the company for getting another supply and thus being able to provide subsequent service. Locating the warehouse in the proximity of customers may enable quick purchase and sale of products.

Quality solutions - Customers require high quality solutions/products which are for reasonable price however, it has life-long durability. Prolonged guarantee together with availability of spare components may be the sign of it.

Broad product portfolio - Offering more extensive product portfolio ensures that the business is not tied only to a certain segment, but may cover broader spectrum of customers.

Liability of insidership and tight networks - Being part of a tight supplier – customer relationship and also network itself can help the business negotiate better conditions,

gaining discounts and rabats and receive more quality service from their suppliers and partners.

2.6 Microenvironmental Analysis

2.6.1 Value Chain

To uncover the competitive advantage of OASE, it is necessary to look at its primary and supportive activities that the business conducts. Finding the competitive advantage, it may be helpful for marketing strategy creation and improvement. As given below, only activities that appear to be relevant are being described.

Operations are mainly focused on developing technology and equipment for water garden industry. Therefore, its specific know-how of producing such technology differs the company from its competitors. The advantage for OASE can be its capital intensiveness, which is required and other businesses with less power cannot afford to invest.

Outbound logistics is a specific feature of the company. Customers ensure the delivery by their own means of transport to their premises. Logistic centres of the company are spread across numerous countries. The closest to Slovakia are either in the Czech Republic or Hungary. In Slovakia, there are no logistic centres or warehouses with in-stocked equipment.

Marketing and sales activities are very crucial. The company sales policy should comply with the aim to develop long-term relationships with partners. However, the marketing activities in Slovakia are not very intensive. Also, the conditions are set according to the company not the partner.

Offering quality **service** to its customers is necessary as the company operates on B2B market. Therefore, offering spare components in stock, longer guarantee period,

offering present catalogues and offering learning courses to partners (customers) is a base.

Procurement is a crucial aspect to be considered. Development of tight networks with suppliers of materials (plastic materials, liners, metal components, light bulbs, etc.) is essential. Having negotiated long-term contracts with those companies ensure the smooth flow of delivery, easier planning processes and more beneficial acquisition prices as purchased in bulk quantities. As a result, OASE is able to satisfy customer needs with quality materials, on time and in appropriate quality. Those long-term business relationships are created thanks to its long history and trustworthiness of OASE for many years. However, it is always up to the company how it selects adequate suppliers. For instance, materials that do not influence the quality of products/solutions can be purchased in the third world like plastic materials from China. As the company operates worldwide it can choose the most adequate suppliers. Other components such as liners and medicine for fish are bought from the suppliers in the Czech Republic, etc. However, technologically-demanding components and equipment is made in-house or supplied from the German supplier in order to retain the German cachet.

Even though **human resource activities** are considered as secondary or supportive activities, human capital is the core in developing technologies and innovation in case of OASE. Therefore, it is inevitable not only to seek for professionals, but also to retain them and set adequate HR policy that supports this idea. In terms of its customers who consequently sell their products in Slovakia, they are also regularly educated to know their product portfolio descriptions and usage and, as a result, understand the technology.

Technology for OASE is crucial. Development of their own technology thanks to their know-how and systems allows the company to develop highly efficient, ecological and breath-taking solutions. The company has also developed an application which enables final customers to search for necessary information on pond construction, news, pond guidance etc.

2.6.2 Competitive Advantage of OASE

Based on the internal analysis, there occur several specific features of the company. However, one is the most outstanding and it is technology and innovation that differentiates the company from the competitors. Even though the competitors attempt to reach the level of OASE they are far behind their innovation. Not only the ecological solutions are outstanding, but also its energy saving and efficiency together with design and ability to create multimedia water organs, interactive fountains, fascinating water shows which combine light and music all developed in-house with unique German precision. All these technological enhancements are applied to a wide variety of products and even lower classes of solutions possess those enhancements. Therefore, those partners who purchase their product may be sure to receive a high quality solution.

2.6.3 Segmentation

The target segments for OASE, in general, are small and medium sized businesses that basically buy products in bulk and focus on physical construction of ponds, fountains in gardens and provide a complex service to the final consumers or they may act as distributors for already mentioned businesses. The company's strategy is not to spread their products across countries without installation of their products and professional advisory in the form of DIY. To fully exploit the parameters, benefits and value that products bring, it is necessary to offer products to businesses that specify on its installation and construction and possess required skills and knowledge.

Mentioned SMEs can be furtherly divided into:

- garden centres - dealing with garden architecture;
- firms dealing with indoor design or
- firms providing irrigation services.

Distributors or wholesalers such as OBI or Möbelix are not the targeted segments due to special assistance and care that is necessary in application and installation of products which would be hardly feasible if using mentioned distributors. On the other hand, the coverage of final customers would be more widespread.

However, if we look at the segmentation from a different perspective, we encounter segmentation according to the final customer, in fact the one who enjoy the value and benefits of OASE products at home. This division could be done mainly from the viewpoint of SMEs companies using OASE products, however in this case it is relevant to observe.

Usage of OASE products is really broadly applicable. Thus, there may be different segments using OASE solutions. However, in Slovakia, the core segments which are served comprise only:

Households: using equipment and technology in water garden field, products used for drainage and irrigation, indoor aquatics and fountains (almost entire product portfolio except for lakes).

2.7 Marketing Mix – 4 Ps of Marketing

2.7.1 Product

The company offers a wide range of products pertaining to water garden solutions. Generally, their product portfolio is divided into four main sectors:

- **water & garden** including fountain pumps, aeration, filter pumps, watercourse pumps, filters, water cleaning products and skimmers, etc.;
- **drainage & irrigation;**
- **indoor aquatics** including aquariums, aquarium pumps & filters and accessories and

- **fountains & lakes** including nozzle, pumps, illumination and accessories, etc (Oase-livingwater.com, 2017).

The quality of products is medium to high depending on what price level customers want to choose. German quality is seen in highly developed technology that company offers with modern innovation of products allowing to save energy and to be environmentally friendly.

In terms of a product strategy for individual products it is in the position of the global **market leader** in water garden technology as it always comes up with new improved technology and other companies are either in the position of challenger or followers. When looking at strategy from Starks' perspective the company resembles the first type '**Managed complexity and Change**' predominantly, but has certain attributes of a strategy called '**Global complex assembly provider**' since it provides high-end components with the aim to own or provide specific and unique technology and capabilities. Products are standardised, allowing broad application on several markets. However, it attempts to apply also strategy of differentiation.

Branding strategy

The company currently builds its branding strategy worldwide on a high quality and high performance solutions based in Germany. The Slovaks perceive German brands and products as very high quality, which may ultimately foster selling their products if promoted even more intensively. The name of company and its products is easily articulated in the Slovak language and resembles the idea of pleasure, beauty and relax.

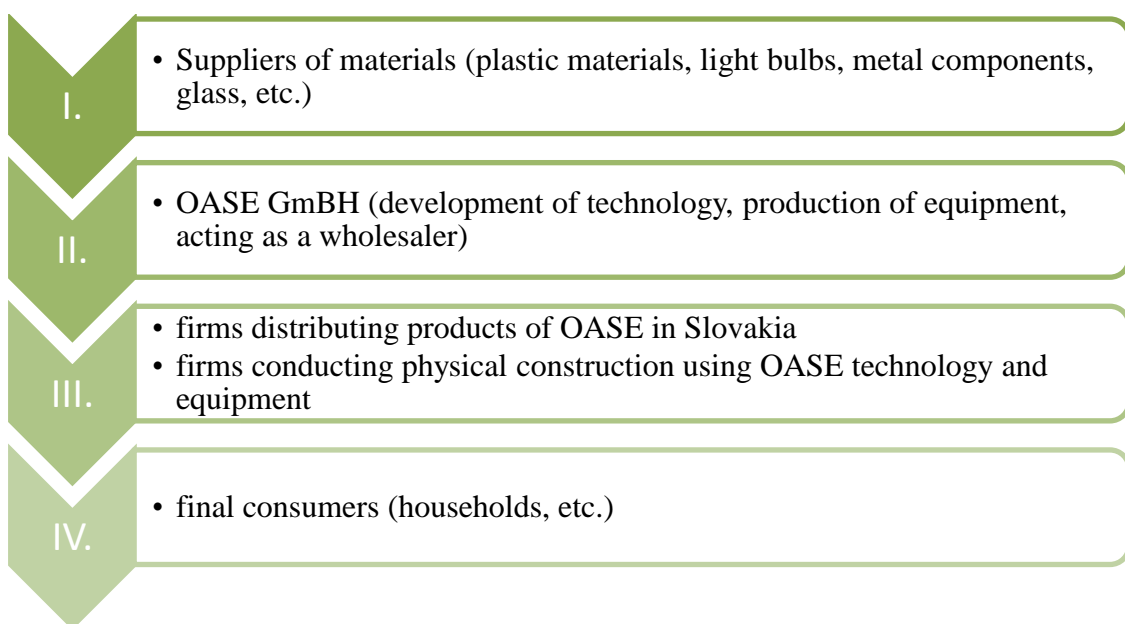
2.7.2 Price

The level of prices offered in the market is matched to the quality of products reaching higher price level than the competition. The reason for higher pricing relates to developed technology and innovative solutions that company provides. In terms of pricing strategy according to Baker (2014) company uses price skimming or offering premium prices since customers value the products or services. Such a strategy is

suitable for a company as OASE which is selling high-end products. Since the company operates on B2B market, prices offered to its distributors or partners are created also according to the volume of purchase and other specific factors. The final price offered to the final consumers is influenced by the margin that their partner sets as a value of their work (pond construction, landscaping, service, etc.). Naturally, the price of medium class of products (START version) costs less compared to a high-class solutions in the version PRO. The current price level of sole technology for START version is 800 € and PRO version 1400 € (work excluded). Compared to competing firms, OASE retains the position of middle to high pricing.

2.7.3 Place

Third aspect of marketing mix – distribution – plays an important role. The company operates globally on various markets, however, in Slovakia there are no warehouses or administrative buildings ensuring a direct contact with the market. The closest place for distribution purposes is located in Budapest. On the other hand, as was already mentioned, the company only reaches the Slovak market through smaller businesses (which either distribute or sell company's products and technology or are involved in its physical construction). The distribution channel is displayed below:



Currently, in Slovakia there are two main firms which create most of the turnover and those are Petomar, s. r. o. and Numa, s. r. o. The rest is composed of smaller distributors around 5-8 firms total. Therefore, the time of distribution from a warehouse to the distributing company may last up to 5 working days. Moreover, for the Slovak region there is only one sales representative who is responsible for the whole market. Presently, the company applies strategy of selective distribution as none of the distributors are obliged to use and sell only OASE technology. However, it may resemble partially exclusive distribution as OASE selects which companies will use and sell its technology and it may restrict the number of these companies. What is more, company evaluates its distributors according to five criteria: the look and design of premises, turnover, stocks, spare components and showroom, but only in Germany. It also avoids distribution via large wholesalers such as OBI or Mountfield, etc.

2.7.4 Promotion

Communication on B2B business is different from B2C communication. Since OASE has to communicate with other business predominance of personal sale through sales representative is visible. He is in charge of taking care of existing partners and developing relationships. The advantage is that entire communication is lead in the Slovak language which eases the communication.

Usage of catalogues and manuals is common fostering the presentation of its technology with precise and detailed information about products. Moreover, using company's website is another tool for product presentation with graphical representation and videos available. Presentation of worldwide projects can be another good opportunity to promote the company.

Classical promotion on Facebook fan page or Instagram is not usual in this case and is left for OASE customers. Youtube channel is used mainly for visual promotion of projects. In terms of environmental communication strategy company applies offensive strategy while highlighting the benefits of environmentally friendly products and their usage.

2.8 SWOT Analysis

SWOT analysis summarises observed outcomes in macro and micro environmental analysis of the company and those being important can be seen below.

Table 5: SWOT Analysis Overview

Strengths	Weaknesses
<ul style="list-style-type: none"> - technology & innovation - great negotiating power - strong global brand - ecological product and solutions - tradition of company for decades - balance of quality and price 	<ul style="list-style-type: none"> - weak communication and marketing within the Slovak market - insufficient distribution channel - insufficient modification of products for Slovak speaking customers - weak sponsoring activities
Opportunities	Threats
<ul style="list-style-type: none"> - technologically literate residents - positive number of sunny days in Slovakia and suitable landscape - tendency of people to move out to places where there is greater space for OASE solutions - adequate level of income in Slovakia - positive tendency to solar technology usage - openness to foreign subjects - growing economy with stable political situation - positive trends in water gardens - increased standard of living 	<ul style="list-style-type: none"> - regional differences in level of income - increased level of bribery - bureaucratic barriers and tax system - increasing minimum wage - REACH and Council Directive 2006/88/EC - legal restrictions

3 PROPOSALS AND CONTRIBUTION

The third chapter is dedicated to giving proposals and recommendations for OASE, concretely for the Slovak market. Since the company operates on this market for a certain period of time with the usage of external partners – customers (as already described), the main aim of this third chapter is to suggest recommendations pertaining to marketing strategy for even deeper market penetration and covering wider spectrum of customers. Currently, the turnover of Slovak market constitutes around 700 000 EUR annual turnover rising by 8% each year and there is still the potential to increase the number. Short-term aim is to increase the turnover by 10-12%.

Based on the previous analyses, the Slovak market is suitable economy for foreign subjects entering, since there is both institutional and governmental help. The openness of the country towards foreign subjects contributes to the idea of establishment of a distribution and service centre for the market and substitute Hungarian centre. The country's political stability is evaluated to average since balancing some bureaucratic barriers and corruption issues with economic boosters. Overall, the Slovak market is being ranked on 33rd place on earth to do business which may ultimately foster and motivate foreign business, to at least tackle the idea of entering the market, so as for OASE.

Another positive aspect for OASE's penetration in Slovakia relates to increasing standard of living evaluated by Human Development Index which may consequently trigger higher demand for company's solutions from the viewpoint of final customer. Suitable geographical landscape together with sufficient sunny days contributes to a positive perception of opportunities. Moreover, trends in garden architecture announced by garden centres and small businesses facilitate the increase of OASE's potential.

Promoting itself as an ecologically-aware company with German technology may foster its business activities not only from the viewpoint of its customers (partners), but also the final customer which is more and more concerned with environmental issues and

usage of photovoltaics becomes more attractive (International Network for Sustainable Energy, n.d.)

3.1 Identification of Goals

Establishment of distribution and service centre in Slovakia

To enable more intensive reach of the Slovak market, first of the goals is opening up a distribution and service centre. This distribution centre would have in-stocked technology and also spare components available. It would also serve as a reclaim centre in case of any claims from company's partners. The most suitable location for it is the proximity of Bratislava to reach west part of Slovakia, especially suburban parts of Bratislava which represent the most attractive segments of final customers. The first expansion is expected in 1 year time and should replace the Hungarian centre.

Adding up one more sales representative for the market

One sales representative cannot cover all the requirements of partners at a time. In case the company decides to address more partners and open up new distribution centre another workforce is required. A new sales representative will be introduced even earlier than mentioned distribution centre, i.e. hiring a new sales rep immediately to negotiate new contracts and provide care in order to retain existing partners.

Deeper market penetration (gaining more customers - partners)

The only opportunity to cover broader spectrum of final customers is negotiation contracts with new partners – customers. A new sales rep is considered as a helping factor which should aim at creating relationships. This results in increased costs for induction, educational courses, increased salary costs, etc. Moreover, it is necessary to educate also those new partners who will use the technology and must master all technical specifications and information.

Strengthening communication strategy

Weak customer awareness of the high quality solutions from OASE is strongly perceived. Therefore, another goal is to increase customer awareness of the value,

benefits and strengths of OASE solutions, so that the final customer requires the technology when interested in purchasing water garden technology or indoor aquatics solutions. This intention should be realised immediately.

3.2 Market Penetration of the Slovak Market

The first recommendation relates to a deeper penetration of the market through more intensive market coverage. Since the closest centre ensuring the distribution of products is in Budapest and company only reaches the market thanks to one sales representative and the rest is dependent on partners, there occurs the possibility of establishment of distribution and service centre. The distribution centre would serve as a distributing point on the area of Slovak republic. As a result, the distribution of solutions and technology to its partners would be diminished for 5 working days to 1 maximum 2 days depending on the necessity of its partners and final customer. Thus, the distribution centre would contribute to higher flexibility and even more variants of products could be provided which are not available in Slovakia so far and finally enabled an easy reach for supplements and spare components.

The location of the distribution centre could be recommended in the proximity of the capital city where there is the highest potential of final customers, highest income level and relatively intensive representation of company's partners using their products. The advantage of such location is highlighted by attractive landscape, transport links and availability of necessary facilities.

Even though the Slovak market is already penetrated by other companies and their brands, the power of OASE rests in its technology and innovation which may be the main reason for cooperating with OASE. Compared to competing firms, OASE is always one step ahead of competition in technological development.

3.2.1 Segmentation

From the viewpoint of final customers, except for households, other potentially interesting segments can be:

Firms/Industrial zones: these subjects can also use products of the company to adorn inner and outer environment such as ponds, lakes, fountains, indoor aquatics, maybe in some cases even irrigation;

Shopping malls/centres: which in its proximity want to create relax zones or again adorn inner and outer environment with either pond with koi carps or use indoor aquatic products such as aquariums, etc.;

Public institutions: mainly in cases when there is the intention to adorn parks, public areas with fountains or even indoor aquatic products.

3.3 Marketing Mix

3.3.1 Product

Typology of OASE products is suitable for various markets, since it offers products which are generally applicable regardless the country and does not have to be adapted. The company's strength lies in the fact that it offers technologically developed solutions with distinguished German quality. Similarly the name of the brand is acceptable and does not have to be modified. However, some product modification can be conducted.

First enhancement is translation of product labels, instructions and catalogues to Slovak language, since not all its partners are able to work with English versions. The same works for the final customer.

Another optimistic feature is number of sunny days and climate in Slovakia. As a result, the recommendation can be to develop photovoltaics which would serve as energy supply for outer water garden solutions. It would contribute to its environmental policy and foster positive perception of the company. Of course, such a product is associated

with high initial and development costs, but may result in higher selling price of solutions. Moreover, the final product can be then applied also in other countries. Thanks to increase mobile device users, the existing application of OASE providing information about products, news etc. could be enhanced by the ability to manage the ponds or aquariums or fountains with the usage of mobile phone thanks to the application in Slovak language.

3.3.2 Place

While looking at suitable place for locating a subsidiary or warehouse company must consider factors; both the location and spreading of partners, but simultaneously look at potential final customer who would purchase solutions. Based on the analysis in Chapter 2, the most attractive places still remain in Bratislava, Banská Bystrica, Trenčín and Košice regions. Therefore, locating in the neighbourhood of mentioned locations can be advantageous. Industrial zones can be an interesting opportunity to utilise numerous benefits that those locations provide. In Slovakia, there are multitudes of small and medium-sized companies providing services using water garden technology and there arises the space for further expansion to persuade new partners about the quality, value and benefits of products. More precise coverage of the market can be also ensured by new sales representative.

Figure 17: Potential location of distribution centre



3.3.3 Price

Considering price in B2B market is crucial since it represents the input costs for the company that sells and uses its products. However, the price that OASE sells its technology ultimately influences the selling price for final customer, however increased by company's margin related to work. Since company's quality of technology is high, the recommendation stands to retain its current high prices strategy for PRO version to reflect the quality and as a result continuing to invest in research and development. However, for START version, the recommendation is to lower the price to average income. Since purchasing products for garden and indoor architecture is rather long-term interest which requires long-term durability, the tendency is to invest higher prices for its quality. To sum up, stay on the price level of 600 -800 EUR for the START version and 1200-1500 EUR for PRO version.

3.3.4 Promotion

Communication strategy appears to be the most important aspect to be reorganised and modified, since the company does not carry out many activities to its promotion. The main target is to increase awareness of the brand itself and products for both groups – potential customers (partners) and final consumers – which could lead to higher demand for OASE products.

Firstly, in terms of attracting new partners, the company is recommended to participate in public fairs and garden expositions (in Nitra-Gardenia, Bratislava-Flora, Košice-Exposition Living – Garden and Trenčín – exposition 'Gardener') where they could present the company itself. This suggestion would ensure greater awareness among potential partnering firms. Moreover, publishing in professional magazines on either technology or garden architecture should be conducted so that more companies are informed about OASE. Not only magazines could help, also sponsoring TV programmes concerning gardening, garden architecture, for instance Do It Yourself Programme.

Secondly, the recommendation is to enforce promoting its environmental strategy in mentioned industrial fairs which could consequently result in attracting the general public.

Thirdly, by hiring another sales representative, personal sale could be even strengthened and new partnerships can be created.

Fourthly, the company should also insist on promoting OASE brand also in showrooms of its partners and negotiate these conditions in contracts. Each customer of OASE should be obliged to have billboard, tables, signs that sell their technology. Nevertheless, another issue dealt in contract should be that each partner selling and using their technology should have built either aquarium in its premises or constructed pond with fountain so that the public can see the result with using such technology.

Moreover, increasing activities on Facebook or Instagram could, on the other hand, increase final customers' interest. Promoting finished projects worldwide could be also catchy for broader spectrum of final customers than only households.

3.4 Schedule of project realisation

September 2017 – starting recruitment process for the second sales representative, by the end of September, selection process should be finished and one sales rep should be chosen. The following one to two months are dedicated to induction process. Another responsibility for sales rep should be taking care of Facebook page or Instagram, especially for Slovakia. Selection of translation services that would ensure appropriate transferring catalogues, web pages and product information, instruction could be realised also in September.

October 2017 – Setting conditions with existing partners to adorn their own premises with mentioned promotional materials, posters, billboards but also preparation of showrooms must be conducted in three months' time. OASE is recommended to look for adequate premises serving as distribution and service centres, for instance, in

industrial zones. Premises can be rent. Next step could be starting preparation for the future fairs and garden expositions in Nitra, Bratislava, Košice and Trenčín, where OASE would promote its technology.

November 2017 – contracting magazine editors for publishing articles, moreover, company should finally choose premises.

December 2017 – In the last month of the year could be accompanied with project proposals for app development and also initial proposals of photovoltaics.

January 2018 – Rent premises can begin to be in-stocked with equipment; consequently new staff (3 employees for distribution centre) can be recruited who will be responsible for distribution centres operation.

February 2018 – Final preparations for March, April and May fairs should be almost finished. More intensive communication of sales rep should be conducted.

3.5 Financial Budget

Figure 18: Financial Budget for the Following 12 Months

Costs	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug	Total
Personnel costs	24318	24318	24318	24318	97272
Salary of Sales Rep	12168	12168	12168	12168	48672
Salaries of distribution centres personnel	12150	12150	12150	12150	48600
Stocks	80000	82250	84400	86600	333250
Rent of premises+Energy	10800	10800	10800	10800	43200
Technological	0	32000	0	0	32000
Development of application	0	2000	0	0	2000
Development of photovoltaic components	0	30000	0	0	30000
Telecommunication	1000	1000	1000	1000	4000
Transport (sales reps)	3000	3000	3000	3000	12000
Marketing	9700	9000	17000	9000	44700
Translation services	700	0	0	0	700
Magazine advertising	3000	3000	3000	3000	12000
TV programme-sponsoring	6000	6000	6000	6000	24000
Expositions - March - Košice, April - Nitra, April - Trenčín, May - Bratislava	0	0	8000	0	8000
Total costs	128818	162368	140518	134718	566422
Revenues	185000	190000	195000	200000	770000
Total revenues	185000	190000	195000	200000	770000
Gross profit	56182	27632	54482	65282	203578

From the beginning of Sept 2017 new sales representative is added up with gross salary of 1500 €/person. However, the total costs on employee represent even higher costs equal to 2028 € per month/person and total number of sales rep represents 2. Costs on additional personnel in distribution and service centre will be paid in the 4th quarter by gross salary 1000 €/person, in total it makes 1350 € costs per person. Premises will be rent together with energy for 4.50 € per square m and will need at least 800 m². Marketing costs are spread across translation services, magazine adverts, TV programme sponsoring and exhibitions. The sale of products is predicted to rise thanks to increased marketing activities. Since so far the general increase in revenues was 8% it is expected that thanks to increased marketing activities will be 10% and as a result the turnover increases from 700 000 € to 770 000€.

3.6 Analysis of Project Risks

3.6.1 Analysis of internal risks

- Insufficient selling techniques and soft skills of sales representatives;
- insufficient promotional activities and
- failure in application development to Slovak version (many modifications necessary).

3.6.2 Analysis of External Risks

- Preferences of partners for cheaper technology to diminish initial costs;
- increase in input costs (increased price of metals, glass, plastic);
- negative development in income level and
- aggressive strategy of competitors on the Slovak market.

3.6.3 Measurements against Risks

- Continuous education of sales representatives, regular courses on selling techniques and soft skills;
- promoting and highlighting value of products above its prices;
- ensuring developers of application from Slovakia;
- negotiating close relationships with suppliers with the aim to influence them in favour of OASE and
- increasing communication strategy.

CONCLUSION

To conclude, the main aim of this master thesis was to propose enhancements to the existing marketing strategy of the global company OASE operating on the Slovak market. Since the company operates on the market only through its external partners which act as customers and consequently sell and use their products, the target was to suggest several options how it can penetrate the market even deeper and achieve higher turnovers compared to previous years.

The diploma thesis was thus divided into three main sections; the first dealt with setting theoretical background which subsequently supports and underpins analytical part. Second chapter was dedicated to in-depth analysis of external, internal and industrial environment. This section was complemented by segmentation and analysis of current strategies of marketing 4 P's. In the last chapter, several recommendations with exact plan were given in order to achieve better performance in the following years.

The analysis has indicated that there is still enough potential to cover the market deeper, that preference for ecological and energy saving technologies is increasing and the standard of living in Slovakia, as well. Moreover, OASE's products are specific thanks to its developed technology and innovative solutions on which the company should build. Besides the great potential that the analysis revealed, it also uncovered shortcomings that should be diminished. The greatest failure was captured mainly in the communication strategy which appears to be very weak against its new – potential – partners, but also final customers. Improvements to marketing P's can be done also regarding product, price and place.

Focusing the marketing strategy mainly on increasing awareness of the company itself and its brand is really necessary. Reaching this goal can be attained by more intensive care and activities of sales representatives, publishing articles in garden architecture magazines, sponsoring TV programmes, increasing presence on social media, translating webpages into Slovak language, etc. Product modification can be done mainly in translating product instructions, catalogues and application to ensure easier

communication of value and benefits products bring. Development of photovoltaics can help to support its environmental strategy even more. Pricing strategy did not require any substantial changes than adapting price level of START category to reflect the level of income. Distribution strategy can be enhanced by opening up distribution and service centre to ensure greater coverage of the market and faster distribution of technology to its partners.

Finally, the main aim of diploma thesis was attained and several recommendations to existing marketing strategy were given to improve the existing situation. However, it is up to the company which of them will apply and what budget it dedicates to improved marketing strategy. Unfortunately, the master thesis has its drawbacks due to insufficient information and simultaneously, as it was beyond the scope of this paper, the issues could not be analysed to a considerable depth and could be the subject for further research.

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Appendix 1: Examples of product portfolio of OASE Living Water

Appendix 2: List of Industrial Zones in Slovakia

Appendix 3: Number of Inhabitants Living in Cities in Concrete Subgroups with Permanent Address

Appendix 1 Examples of product portfolio of OASE Living Water



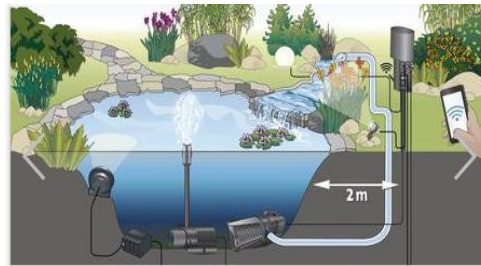
Water Starlet
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Water Trio
Item number: 50240



AquaMax Eco Expert 21000
Item number: 39916



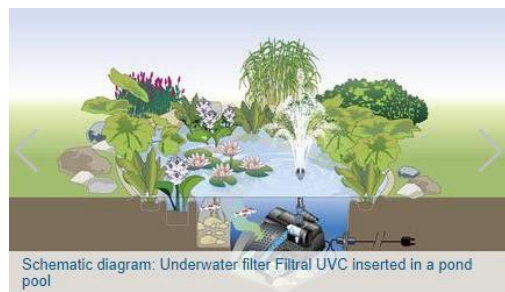
Bitron Gravity 55 W
Item number: 50946



Perfect for gravity fed filter systems on Koi ponds.



Filtral UVC 3000
Item number: 51232



Schematic diagram: Underwater filter Filtral UVC inserted in a pond pool



LunAqua 2 / 12 V
Item number: 54993



ProMax Pressure 6000/8
Item number: 43135



biOrb LIFE 16 LED black
Item number: 45787



Frothy 35 - 10 E
Item number: 50984



(source: Oase-livingwater.com, © 2002-2017)

Appendix 2 List of Industrial Zones in Slovakia

Bratislava Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Lozorno, private APP, owner CPI since 2011	2002	25	GF	0	3500	Duvenbeck, Brose, Johnson Controls
Devínska Nová Ves, majiteľ CTP od 2015	2002	27,3	GF+BF	4,5	720	Hella, HTS, VW Ess, Garay, Schnellecke
Industrial-technological park Záhorie – Eurovalley	first part 1998	2260	GF+BF	2200	500	VGP, BASF, Swedspan, Basso, Benteler, Tower
Lozorno, Pointpark	2006	21+7	GF	6	400	Schnellecke, Faurecia, Whirlpool, MX Logistika, Panasonic, Donaldson, Inergy
Senec D1 – east	2000	12.15	GF+BF	5	200	Karimpol, Goodman
Senec D1 – IPEC	2004	100	GF	55	500	DHL, Scania, Schmitz, Tesco, HOPI
Pezinok Panholec	2013	26,3	BF	25	N/A	
Svätý Jur, private	2007	9,8	GF	0	N/A	Martinrea, Antalis, Den Braven, Toptrans

Trnava Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Piešťany Vrbovská cesta, municipal	N/A	15	GF+BF	0	N/A	Arconet, Arias plus, Chirana Dental, Belar, Chirana Progress, Corrida Car, Delipro
Hlohovec Horná Sihoť	2004	25	GF	0	1000	Faurecia, Vetter, Akatech, JMT
Senica, municipal	2003	175+45	GF+BF	80	300	Arcelor, IKO, Technoimes
Trnava, near Peugeot	N/A	50	GF	12	1500	Faurecia, Valeo, Inergy, Magna, Gefco
Voderady, near Samsung	N/A	80	GF	31	2000	Samsung, Shinwa, Samjin, Audia
Galanta, municipal near Samsung	2007	12,5	GF	0	400	Samsung, Green Integrated
Sereď North and South	2005 a 2013	50+240	GF	220	820	Semmelrock, Binder, Wiegel, Arda
Sládkovičovo West and South	N/A	65+80	GF	90	600	Bekaert, Medea, Menzolit Fibron

Trenčín Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Trenčín	N/A	115	GF	15	800	Johnson Controls, AAF, AU Optronics
Myjava, municipal	N/A	14		0	400	SG Fix, Seisa, Subtil
Prievidza West, municipal	2006	52	GF	0	200	Ruebig, Kovospol, CNC Precision, Naceva, Brose
Dubnica	N/A	21	GF	N/A	1500	Daejung, Delta Electronics
Nové Mesto, Rakofuby	N/A	14	GF	0	500	DHL, Hella, C&A

Nitra Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Nitra, North	N/A	210	GF	90	3200	Foxconn, Visteon, Ryoka, Giesecke
Levice Géňa	N/A	100	GF+BF	40	1500	Alcan, Camfil, Leaf, Scandolora, ZF Sachs
Vráble	first part 2001	23	GF	5	1500	Kongsberg, Miba, Cesam
Diakovce	N/A	7,5	GF	0	100	TyBobo, Proimpex, Top Trucks

Žilina Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Teplička, near Kia	N/A	422	BF	0	5600	Kia, Mobis
Martin, Sučany	N/A	255	BF	0	2500	Volkswagen, Ecco, GGB, KrausMaffei
Námestovo, Punch	2002	20,5	GF+BF	14,2	900	Johnson Controls, Behr
Nižná, M1 Park	N/A	4,1	BF	0,3	300	HS, EDM, Cable Connect
Žilina, Horný Hričov	N/A	11	GF+BF	0,5	200	Vitalo

Banská Bystrica Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Banská Bystrica Majer	N/A	35,7	GF	20	200	Burgmaier, Med-Art, AS Trading
Malý Krtíš	N/A	25	GF	2,5	650	Technogym, Sisme
ZSNP Žiar n/H	N/A	287	BF	15	2000	Slovalco, Nematik, Fagor, Sapa
Víglaš	2008	37,5	GF	20	50	Eurolegna
Kriváň	N/A	20	GF	12	270	Kops, Ojala
Hnúšťa	N/A	38,4	BF	5	1100	Yura Eltec, Reisner, Gallai&Wolff
Krupina	N/A	26	GF	3	1000	Lind Mobler, Way Industry, Brother, Wittur
Lučenec – South	N/A	6,2	GF	1,9	1000	Johnson Controls, D&J
Lučenec – Poľana	1990	11,7	BF	1,3	300	MSP

Prešov Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Humenné, Chemes	1993	64	BF	8,7	1800	Andritz, Nexis, Tytex
Humenné, Guttmanovo	N/A	5	GF	1	500	Tytex
Poprad Matejovce	N/A	14	GF	0	800	GGP, Ho&Pe, LPG, Immergas
Snina, Vihorlat	N/A	80	BF	30	450	Unex, Mops, RMR, Del Casting
Lipany, Za traťou	N/A	8,5	GF	1,8	70	Teprofa, ICLA
Prešov, Záborské	N/A	26	GF	18	250	Honeywell, Asis
Vranov, Ferovo	N/A	16,9	GF	16,9		
Bardejov	N/A	72,3	GF+BF	30	600	Kamax, Hudos, SB Inmart
Levoča	2013	12	GF+BF	8,5	50	AGF
Kežmarok	2008	27	GF	10	300	Euopharm, Deltrian

Košice Region						
Location	Year of establishment	Area in hectares	Type	Available hectares	No. of employees	Companies
Kechnec	2003	332	GF	160	3000	Getraf Ford, Magneti Marelli, Kuenz, Henkel
Michalovce, MEZ	1998	14,2+7,6	GF+BF	7,6	2000	BSH, Yazaki, Ebster, Unomedical
Strážske, Chemko	N/A	75	GF+BF	12	120	Diakol, Chemstroj, Simop
Rožňava	N/A	15,9	GF	1,3	100	Celltex
Trebišov	N/A	10	BF	2,2	150	Blika
Košice, Veľká Ida	N/A	29,4	GF	9,7	500	IEE Sensing
Košice, Pereš Immopark	N/A	180	BF	80	3000	U-Shin, Faurecia, Howe

Source: Podnikateľská Aliancia Slovenska, 2015

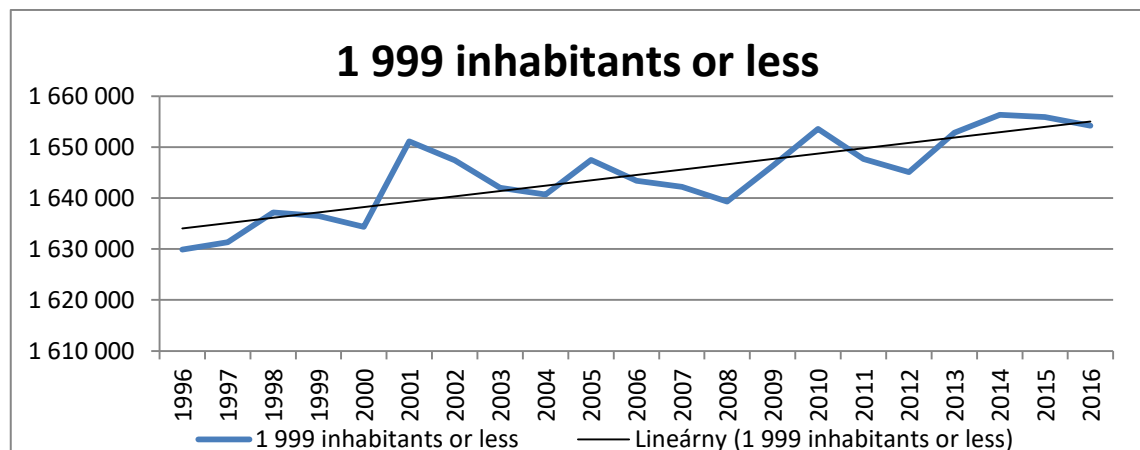
Appendix 3: Number of inhabitants living in cities in concrete subgroups with permanent address

The following graphs indicate the tendency of people to migrate to towns and cities. It captures the time period from 1996 until 2016. Obviously, people tend to move to towns and villages which may potentially mean even higher demand for company's products and services as they have more space as living in the family houses with greater parcels compared to living in the apartments. The subsequent graphs are divided according to groups of number of inhabitants.

As seen below, in case of towns with less than 2000 inhabitants, the tendency of residents is increasing in moving to towns or villages. While in 1996 around 1.63 million people lived in towns of villages with not more than 1999 residents, over 20 years, the number increased only by 1.49% and reached 1.654 million people as suggested below. On the horizontal axis, year by year is displayed and on the vertical axis there is a scale of people living there.

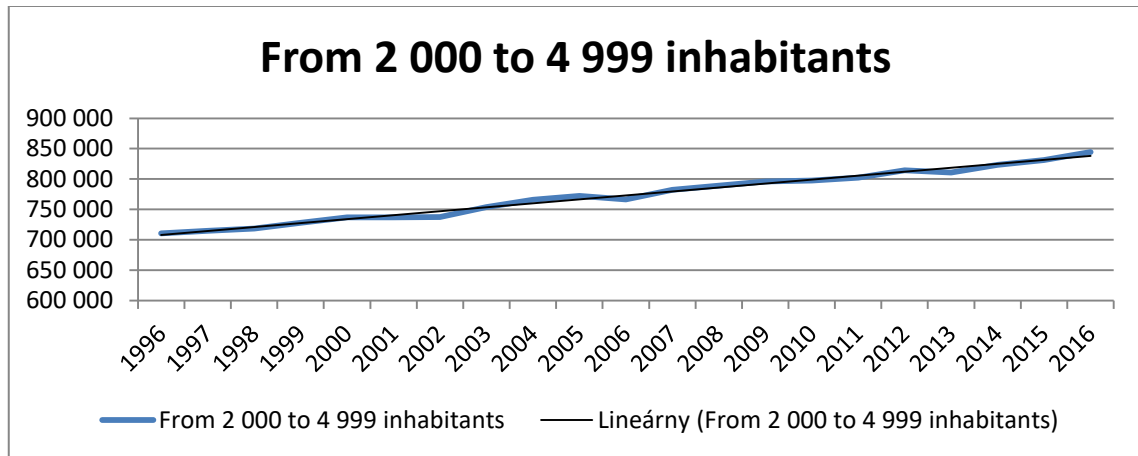
Graph 1: Number of inhabitants living in towns with less than 1999 inhabitants

(Source: own elaboration according to www.statistics.sk)



**Graph 2: Number of inhabitants living in towns with less than 1999 inhabitants
over period from 1996 to 2016**

(Source: own elaboration according to www.statistics.sk)

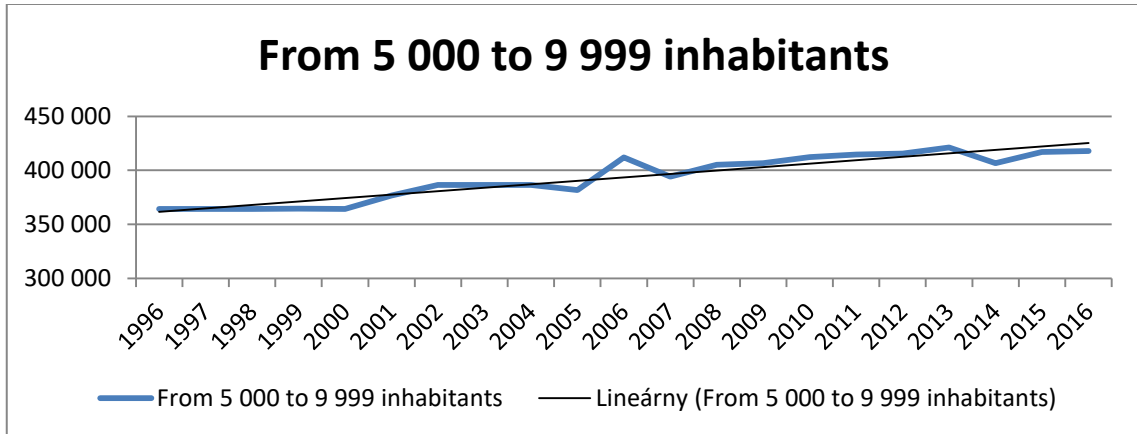


Similarly to the previous graph, the rising tendency to move out of big cities to smaller towns can be seen. While in 1996, there were approximately 710 000 inhabitants living in towns and villages with less than 5000 inhabitants, but more than 2000, in 2016 the number reaches almost 850 000 inhabitants. Such an increase represents almost 19% growth.

In the same vein to the scale of 2000 - 4999 residents, the scale over 5000 to 9999 residents shows the same trend since people with permanent address tend to rise. The initial number of residents reached a bit more than 360 000 residents, but while in census in 2016 reached almost 420 000. The total rise was almost 15%.

Graph 3: Number of inhabitants living in towns and cities with more than 5000 residents but less than 10 000 over period 1996 to 2016

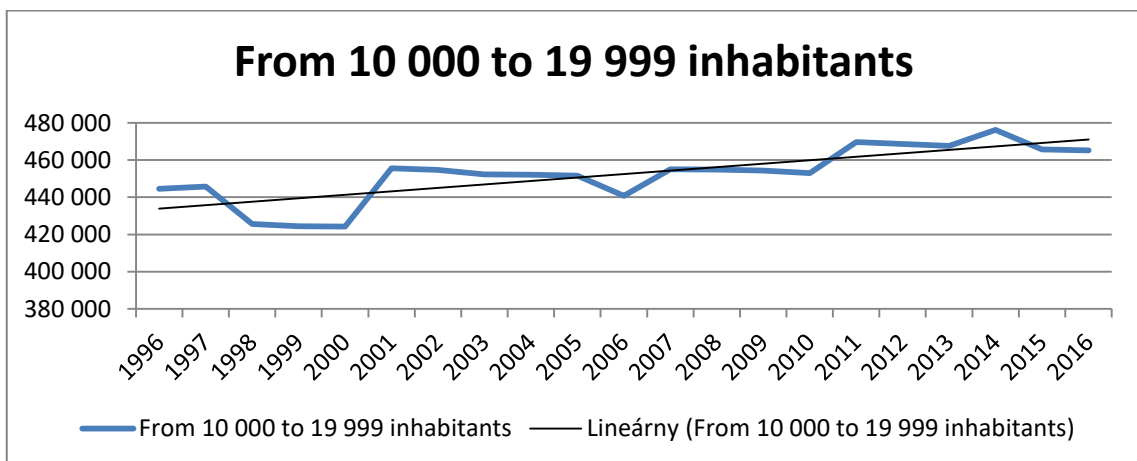
(Source: own elaboration according to www.statistics.sk)



The rising trend is seen again, in case of the scale from 10 thousand to 19 999 inhabitants in cities. However, the increase is not that significant compared to previous graphs as it rose only by 4% compared to previous 18.87% and 14.67%.

Graph 4: Number of inhabitants living in towns and cities with more than 10 000 residents but less than 20 000 over period 1996 to 2016

(Source: own elaboration according to www.statistics.sk)

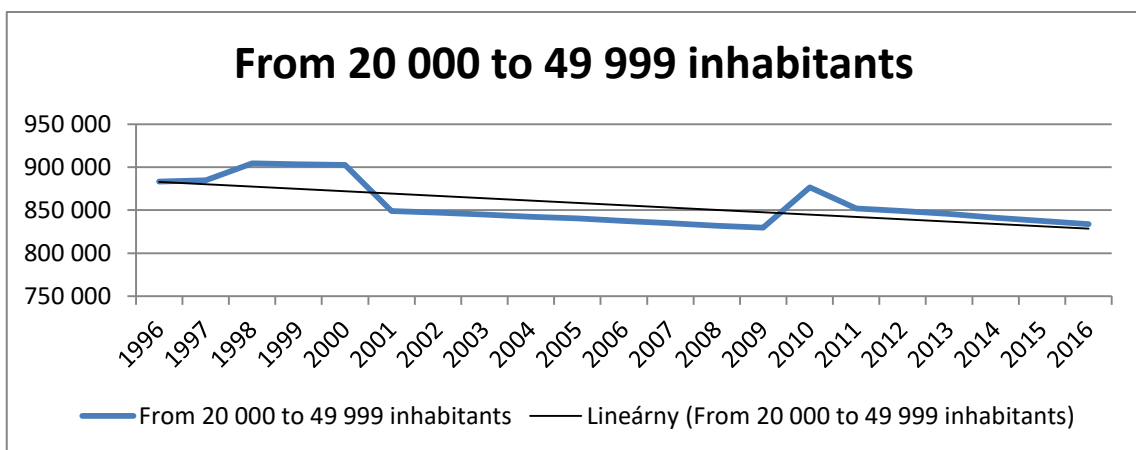


The interesting aspect may be seen in subsequent graphs when the number of inhabitants living in cities with higher number of residents is decreasing and is a result of the tendency to move out of bigger cities to suburbs and other smaller towns and cities.

In the Graph 5, the falling trend indicates the tendency to leave bigger cities and moving out elsewhere. The initial number of residents culminated around 880 000 in 1996, but in 2016 decreased to almost 830 000 residents which represents a 5.63 % decrease.

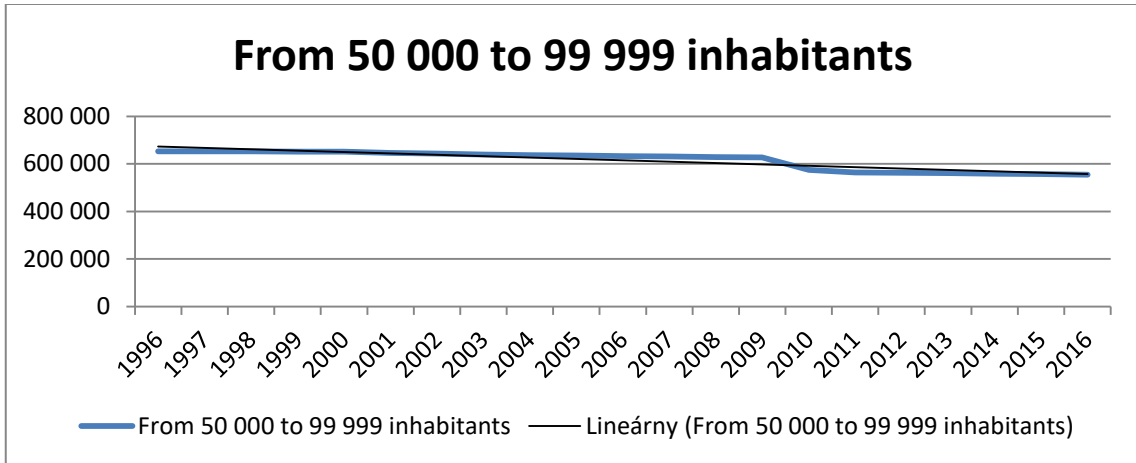
Graph 5: Number of inhabitants living in towns and cities with more than 20 000 residents, but less than 50 000 over period 1996 to 2016

(Source: own elaboration according to www.statistics.sk)



Graph 6: Number of inhabitants living in towns and cities with more than 50 000 residents but less than 100 000 over period 1996 to 2016

(Source: own elaboration according to www.statistics.sk)



The most significant decline is shown in category of 50 000 to 99 999 residents where the number decreased by 14.95% over period from 1996 to 2016. The last graph representing the group of residents with permanent address in cities with more than 100 000 inhabitants shows decline of 4.15%.

Graph 7: Number of inhabitants living in towns and cities with more than 100 000 residents over period 1996 to 2016

(Source: own elaboration according to www.statistics.sk)

