

**Czech University of Life Sciences Prague**

Faculty of Economics and Management

Department of Economics



# **BACHELOR THESIS**

## **SUMMARY**

### **ECONOMIC ANALYSIS OF NEW PRODUCT LINES OF COMPANY INTERSNACK**

**Author of bachelor thesis: Radek Zach**

**Supervisor of bachelor thesis: Ing. Petr PROCHÁZKA, MSc, Ph.D.**

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- **Introduction**

In 21<sup>th</sup> century, the demand is rapidly growing and companies have to set up strategy to react properly. The scale of consumer's sensitivity is high due to various options of product replacement. Old business techniques are not as effective as used to be, that is why new business and marketing techniques are designed.

The market environment is influenced by high competitiveness even between big companies. The key is to come up with break-through idea how to raise the customer's interest more than other company's strategy.

This thesis contains each step of marketing and sales strategy held by the biggest company named Intersnack a.s in Czech Republic for chips production.

Thesis is divided into five chapters. First chapter contains introduction, second is concerned about methodology and goals of thesis. Third chapter handle with theoretical part as useful tool for practical part. Practical part is concerned with analysing chips market according to author's survey and internal data of Intersnack. The purpose is to explain and clarify marketing and economic strategy on how to break through on high competitive and stagnant market with new product by the author's analysis and surveys. Last chapter is summarization of analysed data and obtained information from surveys.

This thesis should tend as a useful practical material about economic strategy and goals of one of the biggest company with significant market share on Czech potato chips market.

## • Objectives

Intersnack a.s. is an international company with origin in Germany. In this thesis, the marketing and economic process will be shown from the very first idea until the merchandising to retail stores. The studying product is called FARMÁŘSKÉ CHIPSY.

The aim of the thesis is to go through all the necessary operations which lead to appearing final product at the store. There are two types of analysis which are needed to be achieved. First analyse is concerned with the company's decision making and second part gives the breakdown about the environment outside of the company, it means the situation at the market. The goal of thesis is to break down figures of marketing strategy of certain company (Intersnack a.s.) before the new product launch and appraise final economic result of new product after one year of sales. The key question is: "Will the proper strategy supported by good resulted analyse and promotion on the highest possible level leads to achieving set up goals?"

**Key words:** market, consumer preferences, food industry, snack, market research

## Methodology

Theoretical part was done in order to explain and clarify all terms according to practical part.

The methodology to practical part consist of marketing analysis such as marketing mix, SWOT analysis, quantitative and qualitative research, market research, questionnaire and surveys.

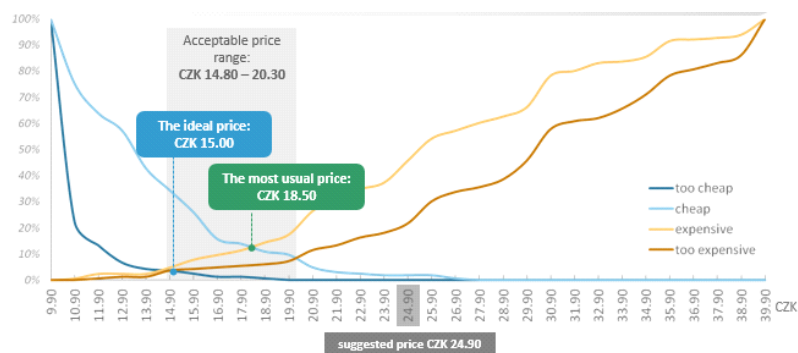
The questionnaires were collected from respondents within Czech Republic under two conditions: age scale (18-45) and chips consumers. This selection and conditions were specified due to researched target group (potential consumers). Questionnaires were in printed form and some of questions were in form of dialog with consumer.

Afterwards, all questionnaires were collected and evaluated in form of comparison. Processed data were formulated and described in tables or graphs made by the author himself. The main point of graph or table is described under the respective graph or table.

## Main findings

First finding is concerned about consumer preferences about new product (Farmářské chipsy) Majority of consumers considered the new described product as unique and relevant; and they were willing to buy it before finding out the price. The only weakness should be the price but from all concepts obtained the most satisfying result (average benchmark) which is regarding to other results potentially break-through new product.

According to previous survey, another research was held to find proper price from consumer point of view. The ideal price point is ideal in the buyer's mind and would garner minimum rejection for being "too cheap" or "too expensive". The most usual price is the price buyers would consider reasonable, neither too cheap nor too expensive.



One of main findings includes the effectiveness of secondary placement to consumer's buying. According to the comparison of sales during secondary placement and without, it can be claimed, that secondary placement increases the consumer's want to buy a product.

## • Conclusion

The subject of the thesis was to analyse and research the market/consumer behaviour on new product in FMCG (Fast-moving consumer goods) environment. As a concrete good, the author has chosen product Farmářské chipsy from Intrersnack company.

Intrersnack came up with a new product due to stagnancy of salty snacks in general. Farmářské chipsy supposed to be perceived as a new dimension of chips potatoes (farm connection, healthy environment or good quality). After good resulted surveys and analysis the product was classified into high potential department of goods.

The product had all available promotion support to attract as many potential consumers as possible. As the most forcible tool for promotion was selected In-store media. First measurable comparison was concerned with In-store promotion in retail Kaufland and month turnovers within the store. Detailed analyse shows that it is not possible to finance promotion of one product hand in hand with purpose of generate a profit. As a conclusion of promotion strategy, the main object of advertisement within the store is to build an awareness of certain product for the sake of future increase of product sold which leads to higher profit.

According to consumer behaviour the author set up a curve which deals with effect of secondary placement (different places of product placement than shelves) to consumer's desire of buying a product. The result proved that secondary placement highly influence the consumer's desire for a product, when secondary placement was shut down, it has immediate effect on consumers and product sell went down rapidly.

Estimated goals by the company and real situation of product sold differ significantly in certain months which leded to budget cuts on product promotion (marketing budget) and afterwards the product sale was too low to cover at least production costs. In a nut shell, it is almost impossible to launch new product and expect immediate profit in high competitive environment without support.

To summarize, the main mistake of company was to shut down the production after one and half year of launch. New product almost never fulfils his potential in first year of launch, consumer needs to get used to the change (especially in FMCG) and in consideration of product promotion it was waste of money.

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