

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Bachelor Thesis

Evaluation of Marketing Communication in a selected hotel

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Joyce Zýková

Economics and Management

Thesis title

Evaluation of Marketing Communication in a selected hotel

Objectives of thesis

The objectives of the thesis is anylsis and evaluation of the marketing communication in hotel Ibis Praha Mala Strana. Based on this analysis and on the results of a marketing survey there will be recommendations and improvements suggested for the marketing communication of the hotel. The goal of this thesis and future suggestions is to increase the efficiency of marketing communication of a selected hotel Ibis Praha Mala Strana.

Methodology

The literature review of the thesis is based on determination and analysis of data obtained from secondary sources, primarily professional publications focusing on marketing and marketing communication. Methods of induction, deduction and comparison will be used. The practical part of the thesis will be elaborated based on the author's own primary research as an employee of the selected hotel, on interviews with the representatives of the marketing department and with the use of questionnaire survey. The practical part focuses on the current situation and the effectiveness of individual instruments of the communication mix.

The proposed extent of the thesis

Approx 30-40 pages

Keywords

Marketing, Marketing mix, Communication mix, Marketing tools, Marketing communication, Market analysis, Marketing research

Recommended information sources

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Declaration

I declare that I have worked on my bachelor thesis titled "Evaluation of Marketing Communication in a selected hotel" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on 14.3.2016

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I would like to thank Ing. Stanislav Rojik, Ph.D. for his advice and support during my work on this thesis.

Zhodnocení komunikačního mixu ve vybraném hotelu

Souhrn

Tato práce se zaměřuje na zhodnocení jednotlivých prvků marketingové komunikace hotelu IBIS Praha Mala Strana. V první části práce jsou shrnuta teoretická východiska a detailně vysvětleny pojmy jako marketing, marketingový mix či marketingová komunikace. Dále jsou také představeny různé varianty analýzy prostředí, to znamená SWOT analýza, PESTLE analýza, Porterův model a metoda segmentace. V praktické části je nejprve představena situace ohledně cestovního ruchu v Praze a dále se autor zabývá hotelem IBIS Praha Mala Strana, analýzou jeho hlavních konkurentů, současného stavu marketingového mixu a v neposlední řadě i marketingové komunikace.

Další část této práce tvoří vlastní výzkum provedený formou dotazníkového šetření zaměřeného na postoj zákazníků k marketingové komunikaci hotelových zařízení, který vede k potvrzení či vyvrácení stanovených hypotéz. V závěru práce je pak uvedeno finální zhodnocení a následné návrhy a doporučení pro zlepšení celkové marketingové komunikace vybraného hotelu.

Klíčová slova: Marketing, Marketing mix, Komunikační mix, Marketingové nástroje, Marketingová komunikace, Analýza trhu, Marketingový výzkum, SWOT analýza, Marketingová strategie, Segmentace, Cílová skupina, Konkurence na trhu

Evaluation of Marketing Communication in a selected hotel

Summary

This thesis is focused on evaluation of the individual tools of marketing communication in hotel IBIS Praha Mala Strana. The first part of the thesis contains a summary of theoretical background and detailed description and explanation of basic terms such as marketing, marketing mix or marketing communication. Further there are introduced diverse types of the analysis of environment, i.e. SWOT analysis, PESTLE analysis, Porter's model and segmentation. The practical part introduces current situation regarding tourism in Prague and hereafter author deals with hotel IBIS Praha Mala Strana, analysis of its major competitors, current state of marketing mix and last but not least also marketing communications.

Next part of the thesis consists of a survey research with the use of questionnaire focused on customers' attitude towards marketing communications of hotel facilities whose results lead to acceptance or rejection of stated hypothesis. The conclusion part of the thesis includes final evaluation and consequent suggestions and recommendations to improve marketing communication of the selected hotel.

Keywords: Marketing, Marketing mix, Communication mix, Marketing tools, Marketing communication, Market analysis, Marketing research, SWOT analysis, Marketing strategy, Segmentation, Target group, Market competition

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1 Introduction

Marketing represents an important part of business and plays a significant role in the field of market economy. Marketing is present everywhere and all the time no matter whether we perceive it consciously or not. However, developing good, effective and properly functioning marketing strategy is not an easy task. Therefore marketers are trying to be more and more original and come with new fresh ideas. Most probably, there is no other field which is changing this much and so fast. This is also caused by all the various types of new technologies that are available nowadays.

Not so long ago there were not too many possibilities how to market and perform an effective marketing communication. The most used electronic devices were television and radio therefore the main tools of promoting goods and services were TV commercials, radio advertisements, billboards along the highways or advertisements in newspapers and magazines. Nowadays we have way more different means of marketing communication thanks to the Internet, Social media and new technologies.

The competition rivalry is high so it is necessary for the company to be on top which cannot be achieved simply by selling the best product. Product is only one part of the whole system. The trick is to sell the right product to the right person in the right place and time for the right price. And it is not that easy to combine all the tools and means of marketing communication to develop an ultimate marketing strategy that will attract consumers and build the brand name.

The key is to be different, original, to bring something new that customers will love and nobody has ever used before. Or contrariwise, use something common and well-known but bring it to perfection. That are secure ways to successful marketing strategy.

Developing such a strategy is a process which requires a lot of time and enough experience, analysis of the environment, company, customers and much more. However, there is a great potential. Marketing has almost no borders except from ethics. It is an art of creating something bigger than us, something influencing people's mind no matter whether they perceive it consciously or not.

This thesis is focused on analysis and following evaluation of marketing communication in hotel IBIS Praha Mala Strana in Prague, Czech Republic.

2 Objectives and Methodology

2.1 Objectives

This thesis will introduce the field of marketing management and marketing in general with emphasis on marketing mix, marketing communication and individual instruments of the communication mix. The main objectives of this thesis are analysis and evaluation of the marketing communication in hotel IBIS Praha Mala Strana. Based on data gathered from analysis process and results of the marketing survey there will be recommendations and suggestions made in order to improve marketing communication of the hotel. The goal of this thesis and following suggestions is to increase efficiency of the marketing communication in hotel IBIS Praha Mala Strana.

2.2 Methodology

The literature review of the thesis is based on determination and analysis of data obtained from secondary sources, primarily professional publications focusing on topic of marketing and marketing communication. List of these publications and other sources used for the purposes of this thesis is available to viewing in the chapter „References“. The main methods used were induction, deduction and comparison. Theoretical knowledge was later applied to real-world example.

The thesis consist of two parts, the literature review and the practical part. The most important terms were explained in the theoretical part, for instance marketing, marketing strategy, market analysis, marketing communication and marketing mix. The practical part of the thesis focuses on hotel IBIS Praha Mala Strana, its major competitors, marketing mix and communication mix and aims to suggest improvements to make the marketing communication of the hotel more efficient.

A questionnaire survey was used in the practical part (see Appendix 1) and there were three hypothesis stated:

H1: Word of mouth is the most important criteria when choosing a hotel from customer's point of view.

H2: Majority of people considers internet reviews and rating important.

H3: Customers generally find newsletters and e-mail marketing annoying.

Obtained data was elaborated by author using Google Form tools.

3 Literature Review

3.1 Marketing

3.1.1 Definition of marketing

What is marketing? It has been defined in several different ways. As this field keeps developing also the understanding of the concept of marketing slightly changes over time. Broadly defined, marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a more narrow business context, marketing involves building profitable exchange relationships with customers. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. (Kotler and Keller, 2011)

However, according to the official definition of the American Marketing Association, *„Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.“*, [16]

Many people still think that marketing only consist of selling and advertising. Endless TV commercials, catalogs, sales calls, and unsolicited sales e-mails – that is what comes to one's mind. Do not be mistaken, selling and advertising are only the tip of the marketing iceberg.

„Good marketing is no accident, but a result of careful planning and execution using state-of-the-art tools and techniques.“ (Kotler and Keller, 2011)

Nowadays, the society should try to understand the marketing not in the old sense as a selling concept but in the new sense of satisfying customer needs. If the marketer understands consumer needs they can develop products and offer services that provide superior customer value. If they distribute and promote them effectively, then these products will sell easily.

As already mentioned above, selling and advertising are only part of a so called “marketing mix” — a set of marketing tools that work together to satisfy customer needs and build customer relationships. (Kotler and Armstrong, 2013)

For a better understanding of what exactly marketing includes see the following figure:

Figure 1: Marketing definition



Author's own elaboration

In this work the individual parts will be explained in detail and there will be a special emphasis on the issues of marketing communication.

3.1.2 Marketing management

„Marketing management is a process that includes planning, implementation and controll of marketing.“ (Blažková, 2007, author's own translation)

Marketing management should be an integral part of the management of any organization operating in the field of market economy. In general, the concept of marketing management consists of analysis, planning, implementation and monitoring of programs designed to create, build and maintain convenient exchange with the target customers in order to achieve the objectives of the organization.

We can define marketing management process in following 6 steps:

- Step 1: Marketing Auditing

Auditing can help to obtain an assessment of the strenghts and weaknesses of the marketing strategy. It helps to understand the current performing of the marketing strategy as well as where does the brand stand among competitors.

- Step 2: Marketing strategy development

Developing marketing mission and vision of the company, market segmentation and finding the target group of customers.

- Step 3: Marketing planning

Marketing plan is a tool based on the marketing objectives and goals, it should include the steps that are necessary to achieve them.

- Step 4: Marketing implementation

Implementation of the chosen strategy in the company's marketing means to use the new marketing techniques and communication tools that were considered beneficial for the business and which should lead to achievement of the defined objectives.

- Step 5: Marketing performance evaluation

Equally important is to measure continuously the efficiency of the marketing performance.

- Step 6: Marketing best patterns

Based on the measurement results and strategy evaluation the marketing management should be optimized over time.

Figure 2: Marketing management process



Source: <http://www.propmi-limited.com/blog/>

Marketing management does not just simply mean managing the activities within the company. In addition to this, it comprises the overall management of all the operations whose primary goal is focused on customer satisfaction and utilization of market opportunities. The underlying premise of an effective and successful marketing management of a business is a clear definition of the company's mission, procedures, implementation of the strategy and setting particular marketing objectives. (Gordon-Smith and Staňková, 2010)

3.1.3 Marketing strategy

Marketing communication must be a part of a strategic marketing plan in the first place. Therefore the first step in planning and creating the strategy is the analysis of the environment followed by careful consideration what further steps should be taken and what kind of actions are necessary. Target groups, objectives and tasks of marketing communication can be identified later based on the facts and data gathered during the analysis phase. Company needs to choose reasonably appropriate tools, techniques and media that will be used to be able to prepare the budget and implementation of the plan. During the implementation it is very important to monitor the process and measure the effectiveness of the campaign. (Pelsmacker, Geunes, Van Den Bergh, 2003)

Companies prepare marketing plans which are created in advance before the specific period so that it allows them to have enough time for market researches, analysis etc. The marketing plan should specify the objectives, ways how to achieve them and last but not least how will be measured the gradual achievement of the objectives. (Kotler and Armstrong, 2013)

Every marketing communication should be subject to properly created marketing strategy which should be defined by every business entity. Trading companies usually prepare annual plans, long-term plans and strategic plans. Strategic planning in general paves the way for the marketing plan. The strategic plan has certain components: mission, strategic objectives, strategic audit, SWOT analysis, portfolio analysis, objectives and strategies. All of these elements are based on marketing plans while also serve as a basis for them. (Kotler, 2013)

3.1.4 Marketing research

„Seller and buyer have inherently different points of view. The difference may be more or less, but the gap is always there. It could even be said that successful marketing *is* the bridging of this gap. To market successfully, a company must transcend its own internal point of view to understand what the product means, and could mean, to consumers. The goal of understanding consumers is fundamental.“ (Tybout, 2010)

Marketing research is the way to achieve this goal. An important function of a research is helping the management of a company to predict behaviour and action of consumers and to lower business risk. Marketing research is a set of activities which focus on every part of the marketing process. There are two main reasons to carry out marketing research:

- The company is not sure about a business decision and deems necessary to gather further information.
- Based on the output of a marketing research, the company plans to change existing marketing strategy and therefore wants to verify its decision.

Effectiveness of the research is an important aspect. Expenses must be adequate and decisions based on results of the research should lead to profit growth. (Tybout, 2010)

The researcher can gather primary data, secondary data or both. Primary data are data that were collected for a specific purpose or for a specific research project whereas secondary data are already existing data collected for another purpose.

3.1.4.1 Marketing research process

Each project we can generally divide into following main stages: (Kotler and Keller, 2011)

- Definition of the problem and research objectives
- Specification of data needed
- Identification of data sources
- Determination of methods used for data collection
- Development of the research plan
- Data collection

- Data processing and analysis
- Presentation of results and decision making

3.1.4.2 Data collection methods

There are three main research instruments in collecting primary data: questionnaires, qualitative measures, and technological devices. (Kotler and Armstrong, 2013)

- Questionnaires

A questionnaire is a set of questions to be answered by respondents. It is the most used instrument for the primary data collection. It can contain closed-end questions (respondent chooses from the possible responses provided) and open-end questions (respondent answers using their own words). The former is easier to process and interpret whereas the latter is usually more accurate.

- Qualitative measures

Qualitative research techniques are unstructured approaches of measurement which permit a wide range of possible responses. It is used when researchers need to know the exact reaction or action of the respondent which not always matches their responses in a questionnaire.

- Technological devices

„Technology has now advanced to such a degree that marketers can use devices such as skin sensors, brain wave scanners, and full body scanners to get consumer responses.“ (Kotler and Keller, 2011)

Participant in a survey do not have to write down details in a diary anymore. The technological devices can register for instance how often is their TV on and which channels they watch.

3.1.4.3 Creation of a questionnaire

It is necessary for the researchers to determine carefully objectives of the questionnaire i.e. which information should be provided by its results and which hypothesis do they want to confirm or reject. The correct wording of questions is very important because poorly worded question is one of the main reasons of inaccurate or

incorrect answers. Questions must be simple, clear, specific and cannot suggest an answer in any possible way.

3.2 Analysis of the environment

There are several analysis which can be used to identify and explore both the internal and external environment in the market economy. It is essential for the company to take into consideration existence of all the factors affecting the business and be aware of them. Whereas the external factors cannot be changed or influences by marketing tools, the internal ones can.

Before entering a new market or to track the environment the company is operating in it is common to use the PESTLE analysis. This analysis examine in detail the external factors of a business environment on a specific market, these are Political, Economic, Social, Technological, Legal and Environmental.

To understand the internal and external factors affecting the enterprise it is possible to use so called SWOT – an effective and simple analysis using Strengths, Weaknesses, Opportunities and Threats to evaluate the success of the company or a project. Results obtained can serve as a basis for determination of strategic objectives.

Moreover, there is The Porter's Five Forces model which is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps to understand both the strength of the current competitive position, and the strength of a position a company is considering moving into.

Next analysis, market segmentation, is the process of dividing an entire market up into different customer segments. Targeting or target marketing then helps determine which potential customer segments the company will focus on. Marketing segmentation always comes before targeting, which helps a company be more selective about who they are marketing their products to. Marketing segmentation and targeting are equally important for ensuring the overall success of a company. [17]

3.2.1 PESTLE analysis

PESTLE analysis gives the useful overall outline of the external factors and the environment affecting the business. There are many organizations that have provided

Figure 3: PESTLE analysis

information about their PESTLE analysis as a case study publicly accessible on the Internet. PESTLE deals with following 6 groups of factors.

Source: <http://www.kevinappleby.com>

<p style="text-align: center;">Political</p> <ul style="list-style-type: none"> • Tax policies • Fiscal policy • Trade tariffs • Change of government • Local government policy (eg planning consents) 	<p style="text-align: center;">Economic</p> <ul style="list-style-type: none"> • Inflation rate • Interest rates • Foreign exchange rates, • Economic growth patterns 	<p style="text-align: center;">Social</p> <ul style="list-style-type: none"> • Cultural trends • Demographics • Employee expectations • Population analytics • Buying trends • Seasonal behaviors
<p style="text-align: center;">Technological</p> <ul style="list-style-type: none"> • Automation • Research and development • Technical awareness in the market • Impact of new media 	<p style="text-align: center;">Legal</p> <ul style="list-style-type: none"> • Consumer laws • Health and safety standards, • Labour laws etc. • Trade barriers 	<p style="text-align: center;">Environmental</p> <ul style="list-style-type: none"> • Geographical location • Climate change • Environmental offsets • Emissions legislation • Green agenda

- **Political factors**

Political environment is directly connected with economic factors. Politics influences economy and economical outcomes affect political decisions. Some of the political factors are domestic political stability, membership in the international organizations, international relations, level of corruption, government parties, tax law, judiciary, trade unions power or level of competition.

- **Economic factors**

These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. Economic factors include inflation rate, interest rates, foreign exchange rates, taxes, unemployment rate, economic growth patterns etc.

- **Social factors**

Social factors comprise demographic structure, e.g. population growth, age, typology of occupation, types of household, geographical position of the country or region, climate, culture trends, history, value orientation of the population and more.

- **Technological factors**

These factors analyse the level of technological development of a certain country or region. Criteria can be for instance investment in science and research, the number of scientific workers, computer literacy, internet penetration rate and electronic communications usage. (Machková, 2006)

- **Legal factors**

These factors have both external and internal sides. There are laws that affect the business environment in a certain country while there are certain policies that companies maintain for themselves. Legal analysis takes into account both of these angles and then charts out the strategies in light of these legislations. For example, consumer laws, safety standards, labor laws etc.

- **Environmental factors**

These factors include all those that influence or are determined by the surrounding environment. This aspect of the PESTLE is crucial for certain industries particularly for example tourism, farming, agriculture etc. Factors of a business environmental analysis include but are not limited to climate, weather, geographical location, global changes in climate, environmental offsets etc. [18]

3.2.2 SWOT analysis

SWOT analysis is based on evaluation of both the internal and external environment of the organization. Using this analysis marketers search and classify the strengths and weaknesses of the company as well as the opportunities and threats outside of it. The SWOT analysis provides complex and integrated review of the current situation, avoids potential barriers and obstacles and helps finding new growth opportunities. It is a basic tool in the strategy planning process.

The author of the SWOT analysis is believed to be Albert Humphrey who led a convention at the Stanford Research Institute in the second half of the 20th century. However, the author himself never officially claimed the creation of the analysis.

As mentioned above, SWOT comprises four elements – Strengths, Weaknesses, Opportunities and Threats.

- **Strengths**

Strengths are the advantageous characteristics of the organization, for instance, quality of the product or service, location, qualified staff, well-known brand, innovative procedures etc.

- **Weaknesses**

Weaknesses represent characteristics of the business which give it a disadvantage over others. It includes distribution barriers, higher price, bad reputation, lower quality of the product and services, lack of client approach or limited resources.

- **Opportunities**

Opportunities are the elements of the external environment which the company can exploit to its advantage. For example, new international market, sponsoring, employee training, subsidies on product etc.

- **Threats**

Threats are the external elements which could lead to a decline in turnover or any other obstacle to business growth. These can be a new competitor, higher taxes or fixed costs, changes in law etc.

Figure 4: SWOT analysis



Source: <http://www.discoveryresearchgroup.com/swot>

3.2.3 Porter's five forces analysis

Porter's five forces analysis was first introduced at Harvard Business School in 1979 by professor Michael Eugene Porter. He was dealing with the question what external forces are affecting the company business. In doing so, he defined five forces which directly influence business of a particular sector - Bargaining power of suppliers (1), Bargaining power of buyers (2), Threat of new entrants (3), Threat of substitutes (4), Competitive rivalry (5).

Figure 5: Porter's analysis



Source: https://www.mindtools.com/pages/article/newTMC_08.htm

- **Bargaining power of suppliers**

In some sectors the power of suppliers is almost non-existent (e.g. food industry) whereas in some others it can be the strongest one (e.g. machine industry) considering the influence it has on the structure and price of certain products.

- **Bargaining power of buyers**

In a competitive environment, the power of consumers depends on their negotiation skills. This can lead to lower prices, better quality or additional services demand. In this way, buyers directly influence the profitability of the market.

- **Threat of new entrants**

The threat of a new entrants is a key factor especially in dynamically developing industries where the market volume is still growing. During the analysis it is essential to take into consideration fact such as barriers to entry into market, high initial deposits and expenses (e.g. flying company), infrastructural issues and regulations.

- **Threat of substitutes**

Substitutes offer alternatives to the existing products. They attempt to satisfy consumer needs in a different innovative way. For instance, Uber is a substitute to classic taxi services. It becomes a real treat when the value of substitute is bigger and the price is lower than the original product.

- **Competitive rivalry**

The last force is the competitive rivalry. When analysing this one it is necessary to define the competitive pressures on a certain market, how much it the organization able to develop and use its competitive advantages, how dynamic the market is and if the company can keep up with the competitors at all. (50Minutes.Com, 2015)

3.2.4 Market segmentation and targeting

“Market segmentation addresses the first simple-sounding marketing question: What customers will we serve?” (Kotler and Armstrong, 2013)

Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs. In this section, we discuss four important segmentation topics: segmenting consumer markets, segmenting business markets, segmenting international markets, and the requirements for effective segmentation.

There is no single way to segment a market. A marketer has to try different segmentation variables, alone and in combination, to find the best way to view market structure. The table below outlines the major variables that might be used in segmenting consumer markets.

Table 1: Segmentation

Geographic	
World region or country	North America, Canada, Western Europe, Middle East, Pacific Rim, China, India, Brazil
Country region	Pacific, Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City size	Under 5,000; 5,000–20,000; 20,000–50,000; 50,000–100,000; 100,000–250,000; 250,000–500,000; 500,000–1,000,000; 1,000,000–4,000,000; over 4,000,000
Density	Urban, suburban, exurban, rural
Climate	Northern, southern
Demographic	
Age	Under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 65 and over
Gender	Male, female
Family size	1–2, 3–4, 5 or more
Family life cycle	Young, single; married, no children; married with children; single parents; unmarried couples; older, married, no children under 18; older, single; other
Income	Under \$20,000; \$20,000–\$30,000; \$30,000–\$50,000; \$50,000–\$100,000; \$100,000–\$250,000; over \$250,000
Occupation	Professional and technical; managers, officials, and proprietors; clerical; sales; craftspeople; supervisors; farmers; students; homemakers; unemployed; retired
Education	Primary school or less; some high school; high school graduate; some college; college graduate, advanced degree
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	Asian, Hispanic, Black, White
Generation	Baby boomer, Generation X, Millennial
Nationality	North American, South American, British, French, German, Russian, Japanese
Psychographic	
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	Achievers, strivers, survivors
Personality	Compulsive, outgoing, authoritarian, ambitious
Behavioral	
Occasions	Regular occasion; special occasion; holiday; seasonal
Benefits	Quality, service, economy, convenience, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
User rates	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

Author's own elaboration (based on data from Kotler and Armstrong, Principles of Marketing, 2013)

- **Geographic segmentation**

The market can be divided into different geographical units, for instance nations, regions, states, counties, cities, or even neighborhoods. A company may decide to operate in one or a few geographical areas or operate in all areas but pay attention to any little geographical differences that could influence needs and wants of customers. Many companies today are localizing their products, advertising, promotion, and sales efforts to fit the needs of individual regions and cities.

- **Demographic segmentation**

Demographic segmentation divides the market into segments based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. Demographic factors are the most popular bases for segmenting customer groups. One reason is that consumer needs, wants, and usage rates often vary closely with demographic variables. Another is that demographic variables are easier to measure than most other types of variables. Even when marketers first define segments using other bases, such as benefits sought or behavior, they must know a segment's demographic characteristics to assess the size of the target market and reach it efficiently.

Age and Life-Cycle Stage. Consumer needs and wants change not only with age but also depending on the life-cycle they are in. Some companies offer different products for different age groups (such as toothpaste) or using different marketing approaches. However, marketers must be careful to guard against stereotypes since age is often a poor predictor of a person's life cycle, health, work or family status, needs, and buying power.

Gender segmentation has been already used for a long time in clothing, cosmetics, toiletries, and magazines. A neglected gender segment can offer new opportunities in markets ranging from consumer electronics to motorcycles. For example, women are now among the fastest growing customer segments in the motorcycle business.

Income. The marketers of products and services such as automobiles, clothing, cosmetics, financial services, and travel have long used income segmentation. Many companies target affluent consumers with luxury goods and convenience services. However, not all companies use income segmentation target the affluent, some of them target low- and middle-income groups. The recent troubled economy has provided challenges for marketers targeting all income groups. Consumers at all income levels are

cutting down their expenses and seeking greater value from their purchases. Even those who can still afford to buy luxuries appear to be trying to spend their money reasonably.

- **Psychographic segmentation**

Psychographic segmentation divides buyers into different segments based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic characteristics. Marketers also use personality variables to segment markets.

- **Behavioral segmentation**

Behavioral segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses to a product. Many marketers believe that behavior variables are the best starting point for building market segments.

Occasions. Buyers can be grouped according to occasions when they get the idea to buy, actually make their purchase, or use the purchased item. Occasion segmentation can help the company to build up product usage. Some holidays, such as Mother's Day and Father's Day, were originally promoted partly to increase the sale of candy, flowers, cards, and other gifts. And many marketers prepare special offers and ads for holiday occasions (e.g. Valentine's Day).

Benefits. Customers can be also divided according to the benefits they seek from a particular product. Therefore marketers try to find the main benefits people are looking for and determine which groups of people look for each benefit.

User status. In this case the marketers distinguish between nonusers, ex-users, potential users, first-time users, and regular users of a product. The objectives are to attract targeted nonusers, retain the users and restore the relationship with ex-users.

Usage rate. This segmentation includes light, medium and heavy product users. Heavy users represent often a small part of the market but at the same time a significant share of total consumption.

Loyalty status. Customers can be loyal to brands, stores or companies. Some of them are completely loyal and only buy the one brand all the time. The brand becomes a part of style of the customer - a great example of the brand loyalty is Apple. The less-loyal buyers are also important to identify who are the main competitors and what are their own weaknesses in comparison with the other brands and companies.

3.3 Marketing mix

3.3.1 Definition of Marketing mix

Marketing mix is understood as a set of internal factors and tools of a company which allows marketers to influence consumer behaviour. These marketing tools must be carefully mixed and combined so as they match the external conditions of the market the best. Only then they can fulfill their functions and help the organization to achieve determined objectives. Simply it is about selling the right product at the right time in the right place for the right price.

„The term "marketing-mix" was first coined by Neil Borden, the president of the American Marketing Association in 1953. It is still used today to make important decisions that lead to the execution of a marketing plan. The various approaches that are used have evolved over time, especially with the increased use of technology.“ [19]

The most famous model is the 4P marketing mix model, firstly introduced by Jerome McCarthy. The basic tools in this case are product, price, place and promotion. Later, three more tools were added to create 7P model – people, physical evidence and process.

Figure 6: Marketing Mix model



Source: <http://marketingmix.co.uk/content/uploads/marketing-mix.jpg>

3.3.2 Concept of Marketing mix

As mentioned above, there are more different concepts and approaches of Marketing mix. The most basic 4Ps concept, the enlarged concept of 7Ps, customer-focused model of marketing mix 4Cs and its expanded version of 7Cs Compass Model. However, the most suitable one for the purposes of this thesis is the 7Ps concept which is widely used in the service sector. Therefore the 7Ps model will be explained in more details in the next chapter.

- **4Ps concept**

4Ps model is the fundamental, most accepted and general standard form of the marketing mix. As already been stated, this classification was first proposed by Canadian marketer Jerome McCarthy in 1960. The marketing variables used in this model are product, price, place and promotion.

Figure 7: 4Ps in Marketing Mix



Source: <http://www.relativemarketing.co.uk/wp-content/uploads/2015/08/the-marketing-mix.jpg>

- **7Ps concept**

7Ps is a marketing model which besides using the classical 4Ps adds also physical evidence, people and process. It is used mainly when the marketed product is not a physical good but a service.

- **4Cs concept**

This consumer-orientated 4Cs classification was proposed in 1990 by Robert F. Lauterborn. It focuses on the customer's approach and point of view. The basic 4Ps were modified into following variables:

- Product -> Consumer value
- Price -> Cost
- Place -> Convenience
- Promotion -> Communication

3.3.3 Individual instruments of Marketing mix

3.3.3.1 Product

Product is one of the key elements of the marketing mix. It is basically anything that is offered to attract attention, purchase, consumption or use, anything that satisfy the needs and wants of a certain group of consumers. Product does not necessarily mean only material goods, it can be intangible or tangible. Besides physical objects product includes also services, organizations, places, ideas, people or their combination. (Kotler, 2013)

Each product has its life cycle – the growth phase, the maturity phase and the sales decline phase. In the last phase marketers try to reinvent the product to stimulate demand. The main question for the company is „How can we offer a better product than our competitor to a certain group of people?“

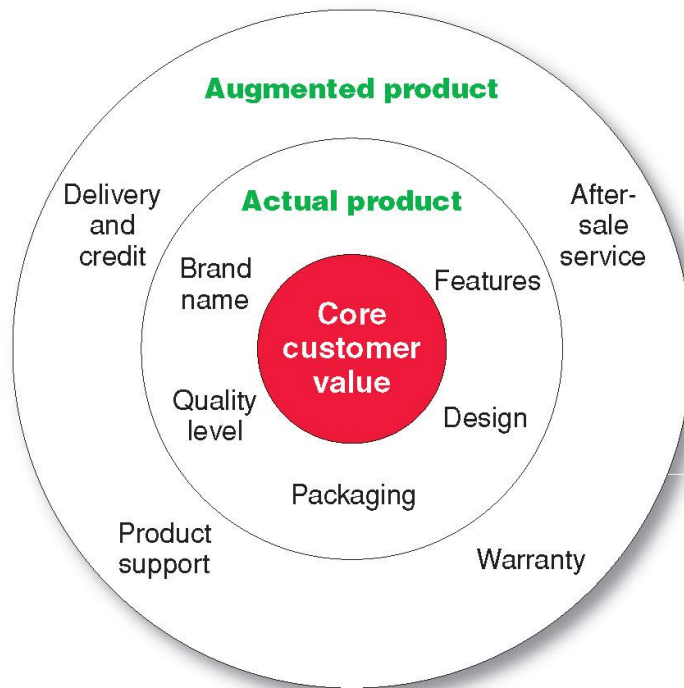
Important parts of a product can be divided into following levels:

„Core value“ – the basic value and utility of the product

„Actual product“ - material elements such as quality, design, packaging

„Augmented product“ – after-sale services, warranty, free delivery etc. used to increase the value of the product

Figure 8: Levels of Product



Source: <http://ecoursesonline.iasri.res.in/mod/page/view.php?id=123624>

3.3.3.2 Price

Another important part of the marketing mix is the correct pricing. It is a financial source of the company and does not require any expenses or allocation of resources unlike the rest of elements of the marketing mix. There are different pricing strategies: (Foret, Procházka, Urbánek, 2005)

- Price based on the cost
- Price based on demand
- Competitive pricing
- Price based on marketing goals
- Perceived-value pricing

Marketers can also use different type of price adjustments: cash rebates for early payment, discounts for bulk purchase, business discount or seasonal discount (this can be often observed in hospitality services).

3.3.3.3 Place / Distribution

Distribution covers all the ways to deliver the product from the producer to the final user – customer. It is important for the product to be delivered to the right place at the right time and in the right quantity. This instrument on the marketing mix influences also the other tools, for instance, the chosen way of distribution may affect the price of product or its promotion. Distribution is not very flexible since it is mostly subject to contracts. It can't be fully changed operationally and it usually requires a lot of time and a long planning process.

As not many goods and products are delivered directly from the producers to final customers, distribution includes all organizations and companies who are the intermediators between the production and consumers.

3.3.3.4 Promotion

Promotion includes all the communication tools that serve to support sales. It is the way how customer gets all the information about product. The combination of promotional strategies will depend on a budget of the organization as well as on the message they attempt to communicate and the defined target market.

The promotion mix - also called communication mix - consists of following tools: (Kotler and Armstrong, 2013)

- Advertising
- Sales Promotions
- Events and Experiences
- Public Relations
- Direct and Interactive Marketing
- Word of Mouth Marketing
- Personal selling

Author will focus on each of the elements separately in the chapter „Marketing communication“.

Table 2: Promotional Mix

The Promotional Mix				
Activity	Reach	Timing	Cost Flexibility	Exposure
Personal Selling	Direct Interaction Limited Reach	Regular Contact	Tailored Message	Relatively High
Advertising	Indirect Interaction Large Reach	Regular Contact	Standard Message	Low to Moderate
Direct Marketing	Direct Interaction Large Reach	Intermittent	Customized Message	Relatively High
Sales Promotion	Indirect Interaction Large Reach	Intermittent	Standard Message	Varies
Public Relations	Indirect Interaction Large Reach	Intermittent	Standard Message	No Direct Cost

Author's own elaboration

3.3.3.5 People

Among people involved in marketing mix is included not only the personnel who is providing the service but any human factor affecting the activities of the company and quality of service.

Employees – It is necessary to have a sufficient number of qualified employees to ensure fast and adequate service that meets all the customer's expectations. They need to know everything important about the product or service, have good communication skills and good behaviour towards customers. Therefore staff trainings and further education is the way of motivating them.

Customers – Also customers themselves can participate in the process of providing services. Customers differ according to their needs, wants and shopping behaviour. Therefore many companies use the target marketing and market segmentation.

Intermediaries

3.3.3.6 Physical evidence

„Services as we know are largely intangible when marketing. However customers tend to rely on physical cues to help them evaluate the product before they buy it. Therefore marketers develop what we call physical evidence to replace these physical cues in a service.“ [20]

In the service sector a physical evidence should exist to prove how the service was delivered, it basically is any material part of the service. Physical evidence can refer to the appearance of the building, where certain service is provided, as well as its interior, location, letters of complaint or uniforms of employees.

3.3.3.7 Process

Process refers to all the activities, procedures and steps that form the service an through which the service is delivered to final customer. Process is one of the key factors to achieve an increase in overall quality of the service provided. There is a wide range of processes such as different sale approaches or use of new technologies. If any organization wants to improve their services and therefore make customer's experience more valuable and enjoyable they should analyse these processes and simplify individual steps. The major objective is to avoid any negative factors during these processes (e.g. long queues or insufficient information about the service). Well-tailored processes can also help to minimize company's costs.

3.4 Marketing communications

„Perhaps no other area of marketing is changing so quickly and profoundly as marketing communications.“ (Kotler and Armstrong, 2013)

Marketing communication can be characterized as a strategy used by a company or individual to reach their target market through various types of communication. In this hypercompetitive era it is absolutely indispensable. It needs to be mutual, balanced and ethical. (Karlíček, 2011)

Marketing communication develops gradually, everything is influenced by time. In the fifties the brand image was flourishing in the US and consumer behavior started to be

very important for the business. The companies began to create slogans promoting their products by mentioning the welfare of the country. The automotive industry was developing so the marketers held special events, advertising campaigns, to help customers save time and make them buy two cars. Shortly after that motivation entered into marketing communication. A company engaged in a shoes sale wanted to attract its customers – ladies – based on an advertising not only shoes themselves but also the vision of the beautiful legs. As time went by, cardboard advertising and screens were replaced by television – an important invention in the field of marketing communication.

In the sixties there was a big boom of a sales promotion technique premiums, especially the in-pack premium. It is a marketing strategy, a product comes in a package with a sample of another related product at no additional cost. For instance, a company that sells cereals adds a toy in the package. There are more types of toys that makes the whole collection and therefore customers keep buying the product to collect them all.

Next decade was an era of discounts, events and samples distribution. The eighties were all about the tasting events in the supermarkets, point-of-sale display (usually a special offer goods that can be found near to the checkout counter), merchandising and the beginnings of a sponsorship.

At the turn of the century, the Internet took its place in the marketing communication. In the new century the mobile marketing started to play its role as well as the social media nowadays – one of the most important and powerful tool of marketing. (Frey, 2005)

3.4.1 Marketing communication objectives

There are six key objectives included in marketing communication: (Pelsmacker, Geunes, Van Den Bergh, 2003)

- Provide information about the product or service
- Create and stimulate demand
- Emphasize the benefits and value of the product or service
- Stabilize turnover
- Build the brand
- Promote corporate image

3.4.2 Integrated marketing communications

Integrated marketing communications (IMC) is a concept avoiding a mismatch between the communication tools a company uses and delivering a clear and consistent message about the organization and its brands. Nowadays a customer receives commercial messages from many different sources but in their minds it becomes only one single message about the specific company. Therefore marketers are trying to coordinate all the communication channels to avoid presence of conflicting messages and successive confused company images. (Shimp, 2008)

“Integrated marketing communications ties together all of the company’s messages and images. Its television and print ads have the same message, look, and feel as its e-mail and personal selling communications. And its PR materials project the same image as its Web site or social network presence.” (Kotler, 2013)

The main differences between traditional and integrated communication are that the traditional one uses mainly mass media (which means one-way communications) and persuasive communication technique to achieve its sales-oriented goals. On the contrary, the integrated marketing communication is focused more on customer and their relationship with the company. The company either contact customers directly or intentionally waits for them to request information (uses two-way communication).

IMC does not happen on its own, it requires experienced marketing department and a firm control. It is not always easy and sometimes even organizational changes need to be done in the company. The best situation occurs when all communication tools are controlled by one marketing department with qualified personnel who is familiar with the strategic objectives of the company. (Pelsmacker, Geunes, Van Den Bergh, 2003)

Figure 9: Integrated mix of tools



Source: Kotler, Principles of Marketing, 2013

3.4.3 Communication Mix

Communication mix, also known as promotional mix, is a set of business activities designed for the promotion purposes and therefore it is technically a part of the marketing mix. It includes all forms of communication that the company uses to achieve its strategic and marketing objectives.

The elements of the communication mix are following: (Kotler and Keller, 2011)

- Advertising
- Sales Promotions
- Events and Experiences
- Public Relations
- Direct and Interactive Marketing
- Word of Mouth Marketing
- Personal selling

Figure 10: Marketing communications mix

Source: Author's own elaboration



3.4.3.1 Advertising

Kotler defines advertising as „any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor via print media (newspapers and magazines), broadcast media (radio and television), network media (telephone, cable, satellite, wireless), electronic media (audiotape, videotape, videodisk, CD-ROM, Web page), and display media (billboards, signs, posters).“ (Kotler and Keller, 2011)

Advertising is the most visible and often the central element of the promotional mix of a company. The major methods of advertising are following: (Karlíček, 2011)

- **Press advertising**

This method covers all forms of advertising in newspapers and magazines.

- **TV commercials**

TV commercials can be really suggestive, there is enough space for creativity and originality of the author. The pros are it will probably be seen by many potencial consumers since majority of households in developed countries owns and watch TV. However, the main disadvantage is oversaturation of commercials and extremely long

commercial breaks which make people switch the TV to another channel. Also the costs of TV commercial is considerably high.

- **Radio advertisements**

This method is much cheaper than the previous one and also it is simpler to make any changes in the advertisement. In this case, the main disadvantage is the impossibility of a visual presentation of the product. Low cost is the major advantage.

- **Outdoor advertising**

This includes billboards, bigboards, hoardings, bus advertising or show-cases. Outdoor advertisements are usually situated at the bus stops, along highways or inside of the means of public transport.

- **Cinema commercials**

An advantage of the cinema commercials is the big screen and perfect sound which create a strong emotional experience.

- **Audiovisual advertising**

Brands and products can be directly part of movies, TV programs or computer games.

3.4.3.2 Sales Promotions

Sales promotion refers to short-term incentives that directly support purchasing activities of buyers. It uses various types of tools to attract consumers attention, for instance samples, coupons, premiums, lottery, bonus packs, price-off deals, loyalty programs, point-of-purchase displays, trade shows, training programs, contests etc. Sales promotion activities can be either direct or indirect and not all of them are only focused on customers – they can involve also the sales teams and distributors. These are known as Trade Sales Promotions.

Examples of sales promotion activities:

- **BOGOF – Buy-One-Get-One-Free**

Also called premium sales promotion tactic based on an increase of quantity sold although for a lower price. The company gets profit through the bigger sales volume.

- **Merchandising**

This includes mostly point-of-sale materials and product demonstrations.

- **Free samples**

Food and drink tasting in the supermarkets, free distribution of a product sample.

- **Vouchers and coupons**

They can be found in newspapers or magazines, very popular in the USA.

- **Free gifts**

An example of this activity is the „every sixth coffee for free“ when consumer is collecting stamps or stickers for every purchase in a coffee shop and gets a free coffee after collecting five of them.

3.4.3.3 Events and Experiences

„Company-sponsored activities and programs designed to create daily or special brand-related interactions with consumers, including sports, arts, entertainment, and cause events as well as less formal activities.“ (Kotler and Keller, 2011)

Event marketing is a marketing strategy which focuses on a direct contact, interaction and communication between companies and their customers. The key point that the marketers must add value to the event. It cannot be just live version of a TV commercial, it should include not only informative part about the product or service but also fun, free samples and some memorable experience for the attendees. It can be focused on a specific target group e.g. children, athletes, dog owners etc. Event is a strong tool in marketing communication but needs to be prepared carefully and in details. It is not only promotion of a certain product but mainly of the brand (or company) as a whole. It is a great opportunity to differentiate from the competitors.

According to a 2012 study by the Event Marketing Institute:

- 58% of event marketing participants purchased the marketed product after the event
- 86% of these consumers became regular customers

(<http://www.marketing-schools.org/types-of-marketing/event-marketing.html>)

3.4.3.4 Public Relations

Another important element of a marketing communication not only for businesses but also for the NGOs and other organizations are public relations (PR). PR can be defined as managed mutual communication between the organization and public. Its objective is

influencing public opinion, building good company reputation, protecting company's image and maintaining or restoring the public trust.

„A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives.“ (Kotler and Keller, 2011)

Majority of companies have a public relations department to focus on distribution of information and building goodwill. They perform these five functions:

- Press relations
- Product publicity
- Corporate communications
- Lobbying
- Counseling

The major tools in PR marketing are, according to Kotler (2013), following:

- **Publications**

For instance, annual reports, brochures, company newsletters, magazines and articles used to reach and influence company's target group.

- **Events**

Arrangement of special events such as trade shows, seminars, news conferences, exhibits, contests and competitions with the goal to reach the target group.

- **Sponsorships**

Promotion of the brand by sponsoring any cultural or sport event. An investment into activities not directly connected with the business to promote brand awareness. Sponsoring does not necessarily mean only financial support, a company can for example provide their products as a prize for a competition or PR articles to give away to consumers.

- **News**

Informative news about the organization, products and services, employees, events. News can be used as an invitation for the media to attend press conferences.

- **Speeches**

Building company's image through giving speeches at the sales meetings or conferences.

- **Public Service Activities**

Contribution of either finances or time to charity or other good causes.

Identity Media

3.4.3.5 Direct and Interactive Marketing

Direct marketing covers all the activities that represents direct contact with the targeted groups of consumers. The main advantage of direct marketing is the opportunity to address potential customers in faster and more personal way and also to gather their feedback. The most used tools of a direct marketing are: (Kotler and Armstrong, 2013)

- Mail order sales
- Telemarketing
- Catalogues
- Magazines for customers
- Online Marketing

It is a marketing strategy which brings company into direct contact with customers who are no longer anonymous, marketers strive to build stronger and more personal individual relationships with the consumers with the main goal to satisfy their wants and needs. The main advantages of this method are the immediate response, ability to present the product, effective mutual communication, focus on a specific segment and also precise evaluation and measurement. Direct marketing is suitable especially as a long-term strategic tool.

It is a comfortable way of purchase due to its simplicity and because it is relatively quick. Ordering goods online or on the phone from home can be appreciated by many customers as well as the anonymity and discretion. However, the main risk when using this strategy are the marketing ethics issues. Company must be very careful and must not force consumers to purchase the product or exert any kind of pressure. This often happens in the communication with the elders who are easily influenced and they are willing to buy goods they actually do not need under the pressure of persuasive seller. Direct marketing should not violate personal privacy, bother consumers or involve fraudulent activities.

Today, thanks to the Internet, marketers and customers have great opportunities for interaction. Companies can place their advertisements on specific sites reflecting their offerings or based on keywords from search engines. A disadvantage can be consumers

screening out the messages or clicks generated by software-powered Web sites which results in an inaccurate information about efficiency.

There are various forms of interactive marketing that can be used: (Kotler and Keller, 2011)

- Web sites
- Search advertisements
- Display advertisements
- E-mails
- Mobile marketing

3.4.3.6 Word of Mouth Marketing & Social Media

„Consumers use word of mouth to talk about dozens of brands each day, from media and entertainment products such as movies, TV shows, and publications to food products, travel services, and retail stores.“ (Arndt, 2007)

It is probably the most influential element driving purchase decisions today. This communication strategy is based on assumption that people talk between each other and share their experience especially using various type of social media. It can be both positive or negative. Positive word of mouth can happen spontaneously but sometimes it can be also planned and managed. Earn media – also called free media – are used in majority of cases. These are media where company does not have to pay directly for any kind of advertisement, e.g. Facebook, Twitter, blogs.

Consumers can share text, images or audio / video information thanks to social networks. The three main platforms are: online communities and forums, bloggers (individuals and networks), social networks (mostly Facebook, Twitter, YouTube). (Kotler and Keller, 2011)

- Online communities and forums

Many of these are created by consumers without any commercial interests and they serve as a place to share and exchange ideas, experience or recommendations. Some others can be sponsored by companies. It is a useful tool for the marketers in the information collecting process.

- Blogs

Basically online diaries have become very popular nowadays. For many bloggers what started as a hobby became their source of income and they make living by writing the blog and posting new stories, pictures and articles. Some of them also use video blogging (vlogging) to create more personal contact with the reader. For example, if a beauty blogger who's videos are watched by thousands of people worldwide uses a certain brand of cosmetics in their tutorials giving a positive feedback and recommendation of a product, it can have a great impact on sales of this product and also the whole brand.

- Social networks

Social networks are the most recent way of promotion and marketing communication of this century. Starting with the well-known Facebook and Twitter, LinkedIn focused on career-minded professionals and ending with MySpace targeting music and entertainment lovers. There is still a lot to be learnt about using the social media for commercial purposes, however the basic could be creating a Facebook page which can be done at no additional costs by a company of any size and specialization.

3.4.3.7 Personal selling

Personal selling is considered as the most effective tool of the communication mix however the most expensive one. Its efficiency is the result of the immediate personal face-to-face contact between the sales person and the customer which allows direct communication and creating of a lasting relationship.

There are seven basic steps of an effective personal selling proces:

1. Searching for potential customers
2. Preparation – setting goals, finding customers data, choosing the way of addressing the customers – in person, over the phone, via email
3. Addressing the customer
4. Presentation – the seller describes the features and characteristics of the product to customer including its benefits and value
5. Overcoming potential obstacles – answering objections
6. Sales arrangement
7. After-sales services – setting further communication with customer [Smith, 2010]

The major advantage of the personal selling is tha fact that the seller is able to observe customer reaction and accordingly change sales approach as needed. Moreover,

the seller can develop a long-term relationship with more potential sales in the future. Personal selling is used on the consumer market for sales of durable goods and personal consumption goods and services. It is widely used on the B2B market i.e. communication between businesses. (Jakubíková, 2008)

4 Practical Part

4.1 Hotel IBIS Praha Mala Strana

4.1.1 Basic characteristics

Hotel IBIS Praha Mala Strana is a 3* hotel located in Prague 5, Plzeňská street 14. It belongs to the AccorHotels group, which is a French hotel group founded in 1967 operating in 94 countries all over the world. Its headquarters is located in Paris, France. The group owns, operates and franchises 3,700 hotels on 5 continents, divided into several different brands - economic accommodations as well as the luxurious one. IBIS is one of these brands – there are three IBIS hotels in Prague in total.

Just like other IBIS brand hotels, Hotel IBIS Praha Mala Strana offers the comfort of a 3* hotel – well-equipped rooms and modern design, 24 hour reception service, breakfast, restaurant, bar. The capacity is 225 soundproof rooms, guest can choose between double rooms, twin rooms, triple rooms or suite. It is disabled access friendly and also has couple of rooms adapted for disabled.

The location of the hotel is very convenient since it is located only few steps away from the big shopping center Nový Smíchov with various shops open every day and TESCO supermarket open till midnight. Metro station Anděl is approx. 200 meters from the hotel, tram stop approx. 100 meters which makes getting to the city center by public transport really fast and easy. Also Prague airport is only 15 minutes drive from the hotel.

4.1.2 Tourism in Prague

Prague, as the capital of the Czech Republic, is the most important, largest and most visited urban conservation area of the country. The historical center of Prague has been one of the sites on UNESCO World Heritage list since 1992. Thanks to its cultural and historical richness it is the most visited city in the Czech Republic not only by foreign visitors but also by locals. This trend needs to be retained and enhanced therefore Prague puts great effort into promoting the city worldwide and making it one of the most important metropolis in the Central-Eastern Europe region.

Prague has a strong position not only in tourism but also thanks to its cultural events well-known around the world. Systematically supports holding large conventions and conferences which significantly increases the prestige of the city on a global

international level. One of the objectives is also to attract Czech tourists to the capital. Statistical results from the recent years show that interest of Czech tourists in Prague is actually increasing.

In 2014 there were 6.1 million guests accommodated in collective accommodation establishments in Prague which means 3.7% increase over 2013.

Following table shows the number of collective accommodation establishments in Prague by category in years 2012-2014 according to the Czech statistical office. Last update was made 17 April 2015, data from previous years are not available. The contribution of non-residents (foreigners) was 87.1% i.e. 5,324 thousands of visitors. Total monthly visits in 2014 were the highest in August as usual. (Czech statistical office)

Table 3: Collective accommodation establishments in Prague

Year	Total	5* Hotels	4* Hotels	3* Hotels	2* Hotels	1* Hotels
2012	845	42	195	215	20	5
2013	856	41	205	219	19	5
2014	757	42	207	212	14	5

Year	Total	B&B	Guesthouses	Campsite	Hostel	Other
2012	845	35	131	22	43	137
2013	856	38	131	19	43	136
2014	757	37	101	18	36	85

Author's own elaboration based on data from Czech statistical office (<https://www.czso.cz>)

4.1.3 Target group and segmentation

Hotel IBIS Praha Mala Strana is visited by many diverse groups of tourists over the year. Although majority of the visitors is formed by non-residents, hotel services are also used by domestic tourists and businessmen.

There are different reasons for the guests to visit the hotel. Mostly it is for the leisure purposes or business travelling purposes. Therefore the target groups are travel agencies, individual travelers and companies searching accommodation for their employees travelling for the business, to attend conferences etc.

Hotel offers also triple rooms and suites (one bed room + one living room with a sofa and TV) suitable for families. Moreover, hotel IBIS Mala Strana is pet friendly, that is why it is a perfect option for any travelers who cannot imagine leaving their dog at home

while travelling. Thanks to three conference rooms it also is a great place to hold a conference or training while participants can be accommodated in comfortable rooms and besides coffee breaks, which are an ultimate essential, there can be also lunch and dinner served in the hotel restaurant.

As regards the nationality of hotel guests, there are represented primarily Korean, Russian, Italian, Spanish, German, American, Canadian and Australian nationalities but the hotel is also visited by travelers from India, China, South American countries, European countries and much more.

Guests in average stay for 1-3 nights but rarely also for 2 weeks and more.

4.1.4 Competitors

Competitors are all the 3* and 4* hotel in Prague city center, however author will focus on hotels located in Prague 5, the same location as IBIS Praha Mala Strana, and other two IBIS hotels in the city center. The key criteria are price and services that a certain hotel offers, capacity and types of the rooms.

The main 5 competitors are therefore following:

- Hotel NH Prague City *****
- Hotel D'angelo ***
- Andel's hotel Prague *****
- IBIS Old Town ***
- IBIS Wenceslas Square ***

Hotel NH Prague City 4*

Located in the area of Anděl, 500 meters from the metro station and tram stop, the hotel capacity is 440 rooms, many of them were renovated in 2014, have new mattresses and views over the local park. There are various services provided in the hotel such as gym, sauna, outside tennis courts, garage parking and outdoor restaurant terraces. Different types of rooms available including family room. Check-out time on Sunday at 5pm at no additional cost.

Hotel D'angelo 4*

Also location of this hotel is nearby the Anděl metro station. Hotel has 168 rooms of the Double, Single and Triple type. Dining is possible in the hotel restaurant. As an

extra hotel offers modern fitness and wellness facilities in the Spa and Wellness centre. Conference rooms available.

Andel's hotel Prague 4*

Located as well in the area of Anděl easily accessible by public transport. Its capacity is 239 rooms and suites plus 15 conference rooms and special event space. Guest can use the Spa & Fitness facilities, hotel restaurant and bar, and underground parking.

IBIS Old Town 3*

Perfect location near to the Old Town in Na Poříčí Street just next to the Palladium shopping centre. Capacity of the hotel is 271 rooms, also there are conferences rooms available. Guest can use the hotel bar, parking and laundry services.

IBIS Wenceslas Square 3*

Located in the center, close to the metro station I.P. Pavlova, 10 minutes walk from the Wenceslas Square. Hotel offers 181 rooms, restaurant, meeting rooms and parking. There is also wellness area available at the Novotel hotel next door.

Table 4: Competitors

Criteria	IBIS Mala Strana	NH Prague	D'angelo	Andel's	IBIS Old Town	IBIS Wenceslas Square
Stars	***	****	****	****	***	***
Price from	1218 CZK	1267 CZK	609 CZK	1827 CZK	1676 CZK	1274 CZK
Capacity	225	440	168	239	271	181
Restaurant	√	√	√	√	X	√
Parking	√	√	x	√	√	√
Wellness	x	√	√	√	X	√
Conference rooms	√	√	√	√	√	√

Author's own elaboration based on personal research

4.2 Current state of Marketing mix

This chapter focuses on current situation in hotel IBIS Praha Mala Strana regarding individual elements of Marketing mix.

4.2.1 Product – Service

Product in this case is a service provided therefore it is an intangible product. The key factor when talking about service is the quality. Product of the hotel IBIS Praha Mala Strana are lodging services as well as catering services and dining services of the hotel restaurant and bar. Accommodation is possible in 225 rooms of these types – Double / Single, Twin, Triple, Suite.

Among other services which hotel offers is underground parking, laundry services, wide selection of sightseeing tours, reception services and food corner 24/7.

4.2.2 Price

In the hospitality services price can vary according to the occupancy just like it is customary in the field of air transportation. It also depends on the season. Price of a standard Double or Twin room in hotel IBIS Praha Mala Strana is approximately 60-70 euro but can be lower in a low-season months and conversely much higher in high-season and during holidays. For the Triple room there is an extra fee 13 euro. If a guest wishes to park their car in the underground parking 20 euro fee applies. Breakfast costs 11 euro.

4.2.3 Place / Distribution

The service is distributed directly during guest's stay in the hotel.

4.2.4 Promotion

The promotion of hotel is mostly through online marketing tools. It can be found on any of the most important sites providing booking of a room as well as the travelers' favourite rating sites providing users' reviews on different hotels such as TripAdvisor. The chapter „Current state of Communication mix“ deals with individual tools of marketing communication.

4.2.5 People

All the employees of the hotel are very welcoming and helpful. Since they value guests and consider customer care very important, everyone is nice to hotel guests and ready to help them meet their expectations. Also in case of any issues the staff is there to solve any problems and make the stay in the hotel as pleasant as possible so that the guest leave satisfied and come back again and eventually recommend the hotel to their friends and family.

4.2.6 Physical evidence

The whole building of the hotel has been renovated, it is very modern and offers a pleasant environment to the guest. Also the rooms are very simple but comfortable, clean and neutral in color. There is a new innovative bedding for maximum comfort of hotel guest. In the whole hotel predominates red color which is the color representing IBIS brand. The appearance of the staff of the hotel is always neat, uniforms are corresponding to their position.

4.2.7 Process

In order to make the process of delivering the service really smooth there is the front office staff who is ready to help with any inconveniences and to make both the check-in and check-out procedures as quick as possible. The hotel also has 15 minutes waiting guarantee avoiding long queues.

4.3 Current state of Communication mix

This chapter focuses on current marketing communication in hotel IBIS Praha Mala Strana and describes all individual elements of Communication mix.

4.3.1 Advertising

Hotel uses mainly advertisement on the websites providing booking services and websites for travellers. There are no commercials or advertisements in printed media.

4.3.2 Sales Promotions

Depending on seasonality, hotel offers special prices and packages, e.g. pay 2 nights, stay 3 nights etc. These offers are rather random, not periodically recurring. There

is a loyalty program for regular guest which is valid in any of AccorGroup hotels all over the world. Guest can register to the program at no additional fee and get points for every hotel visit. Points can be redeemed later. Other benefits come along with the loyalty program of course, such as priority check-in, no fee for late check-out or free welcome drink at the hotel bar upon arrival.

4.3.3 Events and Experiences

Hotel IBIS Praha Mala Strana does not hold any special events to promote the brand or hotel services. However, representatives of the hotel participate in fairs of the hospitality services where they promote the hotel. Also, every year in September there is an IBIS hotel team which is made of staff members representing the hotel in Birell Prague Grand Prix running race – the men in the Birell Run 10 km category while the women in adidas Women's race 5 km.

4.3.4 Public Relations

Although, as has already been stated in the theoretical part of the thesis, the importance of PR is on the rise, hotel IBIS Praha Mala Strana is not focusing on this particular part of marketing communication and is not planning to do so in the short-term future. However, training of the new employees and retraining of the current ones is not left behind. There are also meetings hold for both all the hotel staff together and separately for each department such as Front Office or Food and Beverage, where employees can express their opinions and comments during the discussion.

4.3.5 Direct and Interactive Marketing

Direct marketing techniques are performed mostly via e-mail. Guests can provide their e-mail address when booking the room with the consent of receiving marketing messages in the future. Members of the loyalty program also receive e-mails about newest special offers. Direct marketing is also used in communication with travel agencies. Sometimes direct marketing is also performed via phone call when potential guest calls to the reception to obtain information about accommodation, prices and services. In this case of direct contact receptionist can help them decide which possibility is the most convenient and recommend offers suitable to fulfill guest's needs and desires.

4.3.6 Word of Mouth Marketing

Management of the hotel IBIS Praha Mala Strana carefully check reviews on the websites targeted on travelers such as TripAdvisor, Booking.com, Venere.com, Expedia.com etc. General manager of the hotel, Michal Tomeš, does his best to answer as many reviews as possible, both positive and negative ones. When any negative comment occurs, management staff is trying to analyse the situation and figure out why that specific inconvenience happend and how to prevent it in the future. Word of mouth is an important instrument of promotion mix and therefore it is desirable to have positive ratings and reviews in order to attract more potential guests.

4.3.7 Personal selling

Personal selling is not used.

4.4 SWOT analysis

Author carried out SWOT analysis of marketing communication of the hotel IBIS Praha Mala Strana based on theoretical knowledge about its parts stated in the literature review of this thesis. Results of this analysis are following:

Table 5: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ● Location close to the city center and easily accessible by public transportation ● Well-known hotel brand ● Modern equipment ● Friendly staff ● Capacity of the hotel ● Conference rooms available 	<ul style="list-style-type: none"> ● 4* hotel price ● Higher price of parking ● No fitness or wellness facilities ● Language barrier of some staff members ● No family rooms besides Triple ones ● Low activity on social networks
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ● More tourists visiting Prague every year ● Loyalty program promotion ● New travel agencies to cooperate with ● Employees trainings 	<ul style="list-style-type: none"> ● Competitors providing better service for the same or even lower price ● Seasonality ● New competitors ● Lack of qualified staff

Author's own elaboration based on personal research

4.5 Supporting questionnaire survey

Questionnaire survey was used in order to accept or reject hypothesis that were stated and to explore consumers' opinions and point of view regarding hospitality services and marketing communication in general. Questionnaire used for the purposes of survey is available for viewing in Appendix part of the thesis (see Appendix 1).

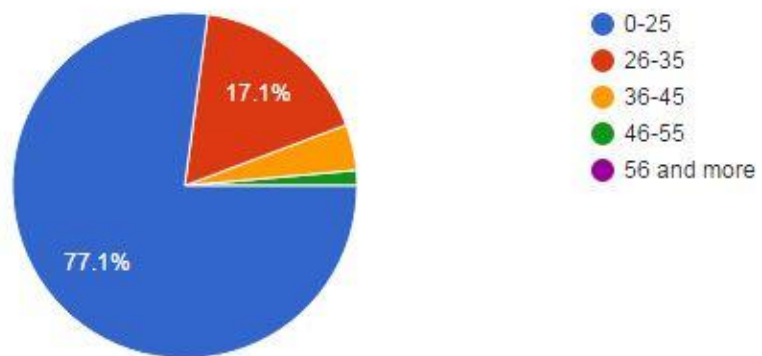
The survey was held in February 2016. Questionnaires were handed to some of the hotel guests who were willing to help with the survey and also sent to randomly chosen consumers. In total 70 respondents filled out the questionnaire correctly and therefore their responses can be considered valid for the purposes of this survey. There were no preconditions required as the respondents were not necessarily guests of the hotel. The aim was to find public opinion on hospitality services in general and to examine stated hypothesis. The questionnaire includes 10 closed questions. Based on the results of the survey suggestions will be made. Charts were used for the data processing.

The hypothesis are following:

- H1: Word of mouth is the most important criteria when choosing a hotel from customer's point of view.
- H2: Majority of people considers internet reviews and rating important and decisive.
- H3: Customers generally find newsletters and e-mail marketing annoying.

Chart 1: What age group do you belong to?

What age group do you belong to? (70 responses)

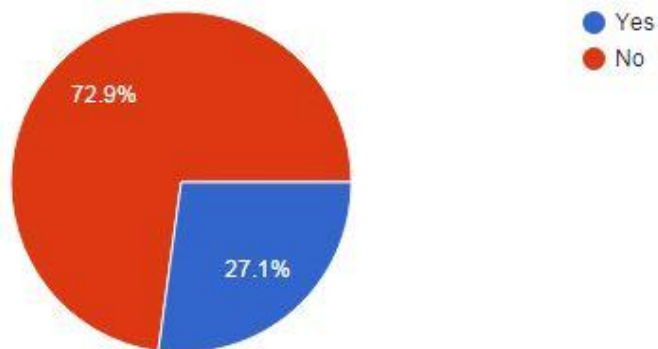


Source: Author's own elaboration using Google Forms tools

The chart shows that majority of respondents are younger than 25 years. There was also sufficient number of respondents from the age group 26-35 years however very low number of respondents older than 46 years.

Chart 2: Have you ever stayed in any of IBIS hotels?

Have you ever stayed in any of IBIS hotels? (70 responses)

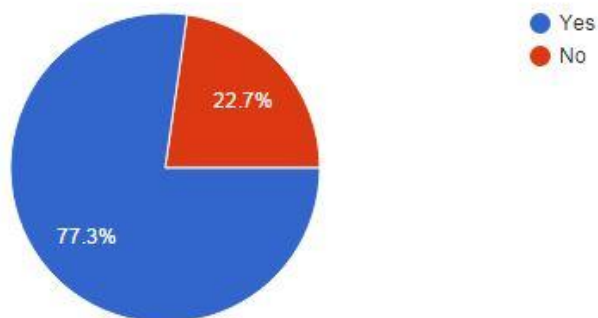


Source: Author's own elaboration using Google Forms tools

This chart shows that almost $\frac{3}{4}$ of respondents have never stayed in any of IBIS brand hotels. However it is not the key factor for the survey purpose therefore obtained data can be still elaborated and deductions made based on this data.

Chart 3: If yes, would you recommend it to your friends and family?

If YES, would you recommend it to your friends and family? (22 responses)

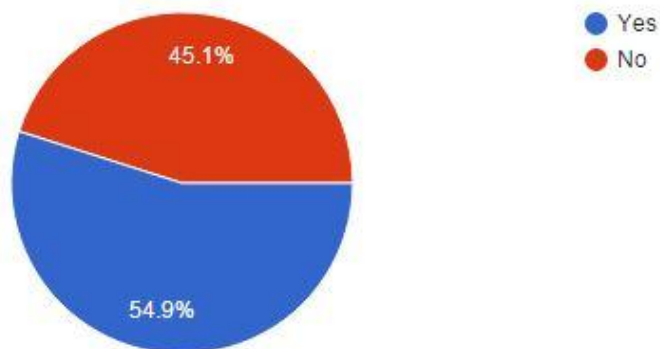


Source: Author's own elaboration using Google Forms tools

Majority of the respondents who have ever visited any IBIS hotel would recommend it. This is directly connected with an important part of the communication mix – word of mouth.

Chart 4: If not, have you ever heard of IBIS brand hotels?

If NO, have you ever heard of IBIS brand hotels? (51 responses)

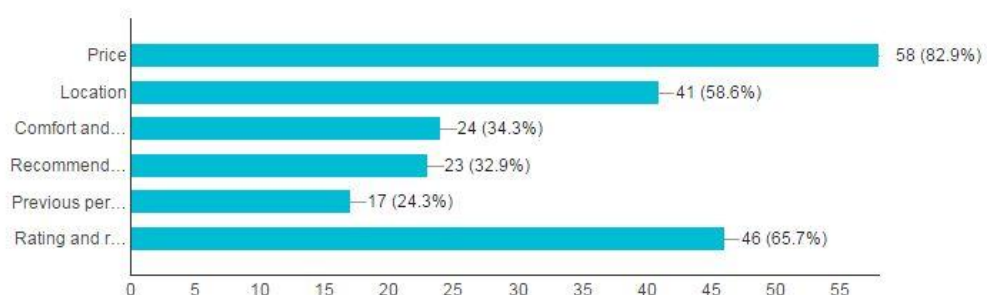


Source: Author's own elaboration using Google Forms tools

According to this chart, more than a half of respondents who have never stayed in any IBIS hotel have heard about the brand. It is also beneficial from the marketing point of view and when building the brand name recognition.

Chart 5: When choosing a hotel, what is important for you?

When choosing a hotel, what is important for you? (choose at least 2 options)
(70 responses)

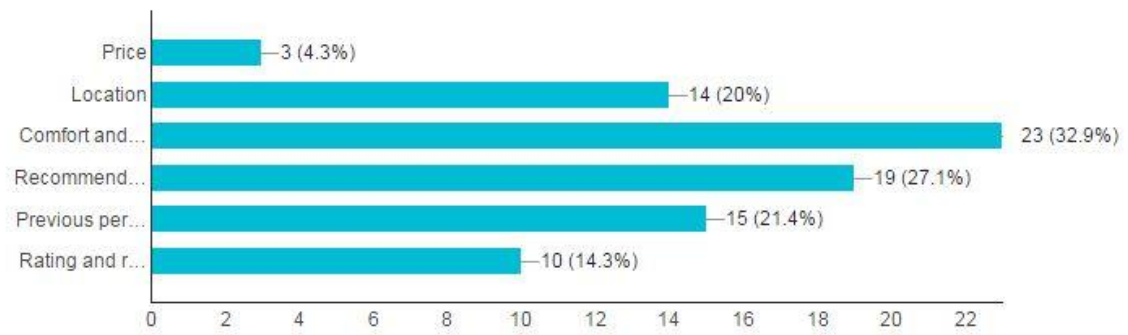


Source: Author's own elaboration using Google Forms tools

This chart shows that price is the most important aspect when respondents are choosing a hotel. Rating and reviews on the Internet are the second most mentioned criteria, location of the hotel is the third one. The least important appears to be previous personal experience. In this questions respondents were asked to choose at least 2 criteria however maximum was not determined.

Chart 6: What is not important?

What is NOT very important? (choose at least 1 option) (70 responses)

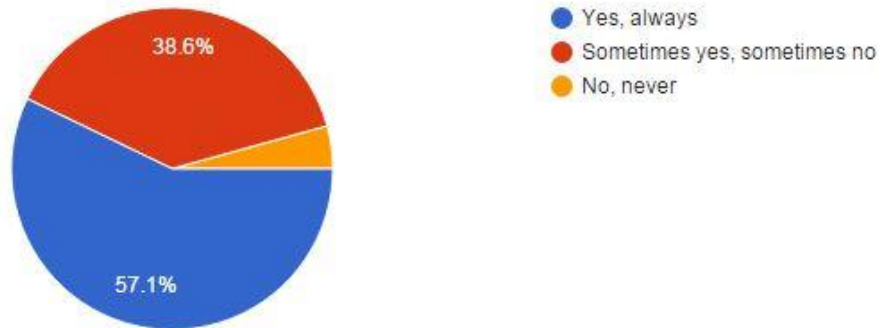


Source: Author's own elaboration using Google Forms tools

Unlike the previous chart, this one shows that the least important criteria according to the group of respondents is comfort and services offered by the hotel. Considerable part of respondents also do not find important recommendation of friends and family. In this questions respondents were asked to choose at least 1 criteria however maximum was not determined.

Chart 7: Do you read reviews on the Internet before booking a hotel

Do you read reviews on the Internet before booking a hotel? (70 responses)

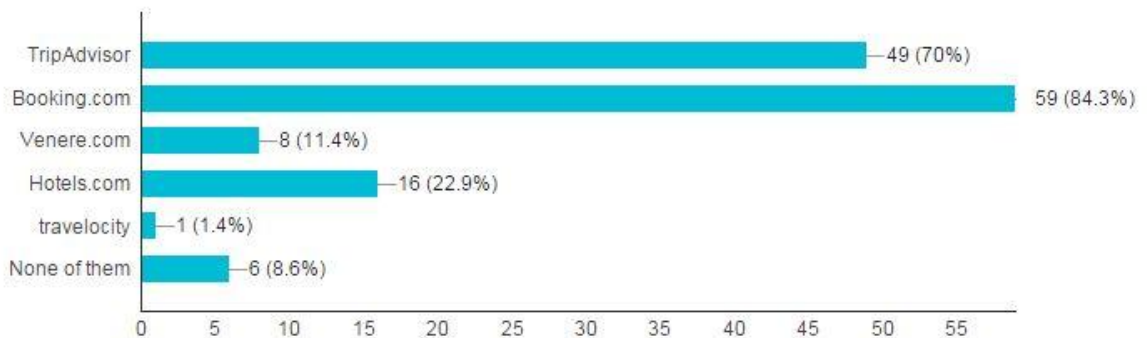


Source: Author's own elaboration using Google Forms tools

According to this chart more than 95% of respondents read at least sometimes hotel review on the Internet before they book a hotel. Moreover, 57.1% read them always.

Chart 8: Which of these sites did you ever use?

Which of these sites did you ever visit? (70 responses)

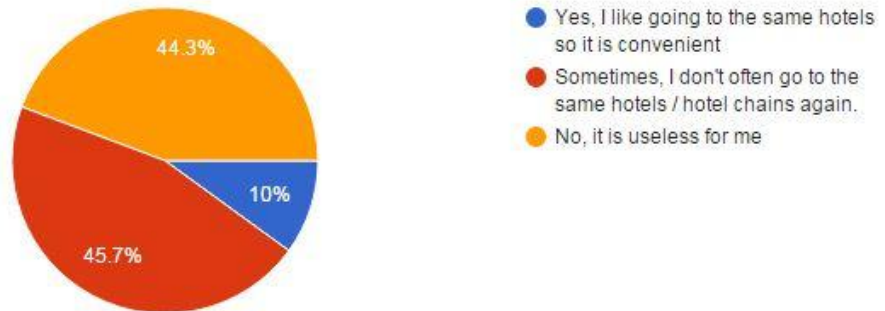


Source: Author's own elaboration using Google Forms tools

This question was connected with the previous one. As majority of the respondents mentioned, they read hotel reviews on the Internet. This chart shows that most used sites are TripAdvisor and Booking.com. Only one respondent visited travelocity website and 6 respondents never visited any of the sites offered.

Chart 9: Do you use loyalty programs of the hotels

Do you participate in loyalty programs of the hotels? (70 responses)



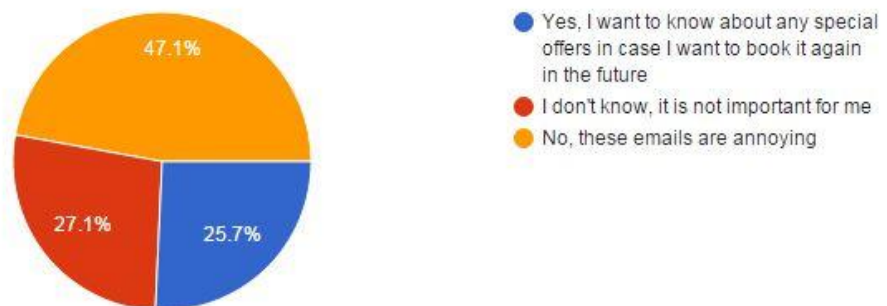
Source: Author's own elaboration using Google Forms tools

Only 10% of respondents find going to the same hotels convenient because of the loyalty program offers. 44.3% consider loyalty programs useless.

Chart 10: Would you like to receive special offers and newsletters via email?

Would you like to receive special offers and newsletters about the hotel you already stayed in via email?

(70 responses)



Source: Author's own elaboration using Google Forms tools

According to this chart, almost half of respondents consider receiving email newsletters and information about special offers annoying. Only $\frac{1}{4}$ would like to receive them to have information about special prices and offers. The rest do not find it important.

5 Results and Discussion

In this chapter of the thesis author would like to summarize results of the analysis and reasearch and suggest own recommendations regarding the instruments of communication mix. Also results of the questionnaire survey will be discussed and conclusion drawn. Accoring to the analysis, the marketing communication of hotel IBIS Praha Mala Strana is sufficient and satisfactory, however there is a space for improvements.

5.1 Suggestions for the Communication Mix

Competition is Prague is high and especially in the location of Prague 5 near to the Anděl metro station. The main competitors are three 4* hotels offering services for very similar price which is one of the weaknesses as shows the SWOT analysis. Moreover, these hotels have wellness or fitness facilities available to hotel guests. Hotel IBIS should probably consider offering wider range of services, not necessarily directly in the venue, it can be provided by external organization for an additional fee of course, important is that guests would not have to search for these facilities by themselves which would make their stay more comfortable and pleasant. Suggestions for each of the instruments of Communication Mix are following:

5.1.1 Advertising

As regards advertising, author suggests to try advertising in the printed media such as magazines for travellers, especially during the low-season when the occupancy of hotel is not even half of the rooms. Also, they could consider any type od advertisement in the airport area since there is still a big number of tourists and travellers who come to Prague without booking a hotel in advance and ask any accommodation tips at the airport upon arrival. As there is a shuttle service to and from the airport offered in the hotel, it could work easily.

5.1.2 Sales Promotions

Suggestion is to promote more intensively the ACCOR loyalty program, to highlight the value and benefits for the guests. It is convenient for both sides – guests will be coming back to the hotels of the same brand which ensures regular clientele to the hotels while they can enjoy special care including discounts at the bar, vouchers, late

check-outs and welcome drinks. The possibility of joining the ACCOR club should be more visible but not too appealing, for instance simple leaflets in the rooms could do the job.

5.1.3 Events and Experiences

Author strongly suggest participation in any fair with the hospitality background to promote not only hotel as a place for accommodation but also hotel restaurant which is not visited by public too much. Organizing sport or cultural events is not considered to be necessary

5.1.4 Public Relations

Regarding the matter of public relations, author see no need for any changes. As a hotel and not a company they do not really need to build a relationship with public or media. Relations with employees are deemed to be satisfactory.

5.1.5 Direct and Interactive Marketing

Guests have an opportunity to subscribe their e-mail address to receive newsletters and special deals offers. However, not many people are actually willing to provide their personal e-mail address for business purposes which makes it difficult to send feedback request after stay in the hotel to everyone. It would be useful to ask guest for an e-mail contact, with no need to subscribe to the newsletter, to be able to send these request since feedback is a very useful tool when analysing quality of the service provided.

5.1.6 Word of Mouth Marketing & Social Media

Author supports the idea of checking the reviews on popular booking sites and web sites for travelers and tourists and getting valuable feedback. However, activity on Social Media is absolutely insufficient. Although there exists a facebook page of hotel IBIS Praha Mala Strana, it only has 312 followers even though 8,091 people in total „checked-in“ at the hotel using facebook. There is a need to create valuable and interesting content and update the page time to time. The goal might not be directly attracting new guests but keep the regular one updated and also to build brand name.

5.1.7 Personal selling

As has already been stated, hotel IBIS Mala Strana does not use the instrument of personal selling to promote its services, which does not appear to be an obstacle.

5.2 Results of the survey

Before the survey was conducted there were three hypothesis stated. In this chapter hypothesis will be either accepted or rejected based on the elaborated data which were obtained from the questionnaire survey.

H1: Word of mouth is the most important criteria when choosing a hotel from customer's point of view.

Results of the survey show that majority of the respondents (82.9%) considers the most important criteria when choosing a hotel to be Price. However, internet reviews were the second most voted option (65.7%). This hypothesis is therefore rejected.

H2: Majority of people considers internet reviews and rating important and decisive.

According to the results of survey more than 95% of respondents read at least sometimes hotel reviews on the Internet before they book a hotel. Moreover, 57.1% read them always. Therefore this hypothesis is accepted.

H3: Customers generally find newsletters and e-mail marketing annoying.

According to 47.1% of the respondents receiving marketing materials such as newsletters via e-mail is annoying. Only 25% would like to receive these e-mails to know about all the special offers. The rest of respondents is ambivalent in this matter. Based on this results the stated hypothesis cannot be accepted because 47.1% is not even a half of the sample.

In general the survey had positive results regarding IBIS brand name recognition since although majority of respondents never visited any of IBIS hotels, more than a half of them heard about the brand.

6 Conclusion

The objective of this thesis was analysis and evaluation of marketing communication based on a real-world example. The thesis itself is based on two parts, the first one was elaborated with the help of professional literature which author studied and internet sources discussing topics which are included in the thesis. The second part describes selected hotel, its characteristics and analysis of its competitors, target groups, marketing mix and tools of communication mix. The practical part of the thesis also includes questionnaire survey research which processes primary data gathered specially for the purposes of the conducted research. The main goal of the survey was to find out what is the customer's opinion and what they consider important regarding hotel services, which are the key factors when they make decision which hotel to book.

Hotel IBIS Praha Mala Strana is profusely visited hotel of a well-know French brand in Prague, Czech Republic. Since the hotel is a part of the chain it is not operating as an independent unit and therefore also the marketing communication is complex and complicated. There is one united marketing department for all Accor group hotels in Prague, i.e. IBIS Praha Mala Strana, IBIS Praha Old Town, IBIS Praha Wencelas Square, Novotel and Century Old Town.

As has already been mentioned many times in this thesis, marketing is an important and powerful tool for anyone involved in business processes and good marketing strategy is essential for any company who wants to be successful on the rapidly evolving, highly competitive market. In the 21st century marketing is focusing still more an more on customers and on their actual wants, needs and desires. It appears that the customer approach is the right way to do business. Besides final customers it is necessary to think about employees as well. Satisfied staff will take good care of customers and make their experience with company pleasant and worth repeating. Nowadays it is more important than ever before to differentiate from the competitors, be different, be better, be original and innovative. The key to success is to be aware of any changes in trends and technologies that are appearing every day in the marketing communications field.

Hotel IBIS Praha Mala Strana is a prosperous hotel with a long tradition and quality service, mostly perceived in a positive way by public. Although there is always space for improvements, author evaluates marketing communication of the hotel as satisfactory.

However, suggested recommendations will be presented to the management of hotel and hopefully will serve as an inspiration for the development of the future marketing strategy.

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8 Appendix

Appendix 1: Questionnaire

Questionnaire Survey - Hospitality

*Required

1. What age group do you belong to? *

Mark only one oval.

- 0-25
- 26-35
- 36-45
- 46-55
- 56 and more

2. Have you ever stayed in any of IBIS hotels? *

Mark only one oval.

- Yes
- No

3. If YES, would you recommend it to your friends and family?

Mark only one oval.

- Yes
- No

4. If NO, have you ever heard of IBIS brand hotels?

Mark only one oval.

- Yes
- No

5. When choosing a hotel, what is important for you? (choose at least 2 options) *

Tick all that apply.

- Price
- Location
- Comfort and services offered
- Recommendation of friends and family
- Previous personal experience
- Rating and reviews on the Internet

6. What is NOT very important? (choose at least 1 option) *

Tick all that apply.

- Price
- Location
- Comfort and services offered
- Recommendation of friends and family
- Previous personal experience
- Rating and reviews on the Internet

7. Do you read reviews on the Internet before booking a hotel? *

Mark only one oval.

- Yes, always
- Sometimes yes, sometimes no
- No, never

8. Which of these sites did you ever visit? *

Tick all that apply.

- TripAdvisor
- Booking.com
- Venere.com
- Hotels.com
- travelocity
- None of them

9. Do you participate in loyalty programs of the hotels? *

Mark only one oval.

- Yes, I like going to the same hotels so it is convenient
- Sometimes, I don't often go to the same hotels / hotel chains again.
- No, it is useless for me

10. Would you like to receive special offers and newsletters about the hotel you already stayed in via email? *

Mark only one oval.

- Yes, I want to know about any special offers in case I want to book it again in the future
- I don't know, it is not important for me
- No, these emails are annoying

Source: Author's own elaboration using Google Forms tools

Appendix 2: IBIS hotel logo



Source: <http://www.ibis.com>

Appendix 3: Entrance of the hotel



Source: <http://www.ibis.com>

Appendix 4: Interior of the hotel



Source: <http://www.ibis.com>

Appendix 5: Hotel room



Source: <http://www.booking.com>