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PROPOSAL OF MARKETING MIX FOR NEW PRODUCT IN STARTING-UP COMPANY

NÁVRH MARKETINGOVÉHO MIXU PRO NOVÝ PRODUKT ZAČÍNÁJÍCÍ FIRMY

BACHELOR'S THESIS

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Pursuant to Act no. 111/1998 Coll. concerning universities as amended and pursuant to the BUT Study Rules, by the Director of the Institute, you have been assigned a Bachelor's Thesis entitled:

Proposal of Marketing Mix for New Product in Starting-up Company

Characteristics of the project issues:

Introduction
Goals and Methodology of thesis
Theoretical background of thesis
Analysis of current state
Own recommendations
Summary

The objectives to be achieved:

The main objective is to design an appropriate marketing mix for new product start-up company in a particular market. The aim of the proposal is to reach and attract new customers.

Literature on the topic:

FARRIS, P.W., Marketing metrics: the definitive guide to measuring marketing performance 2nd ed., Upper Saddle River, N.J: FT Press. 2010. ISBN 978-0-13-705829-7.

KOTLER, P. & KELLER, K.L., Marketing management [4. vyd.], Praha: Grada. 2013. ISBN 978-80-247-4150-5.

LOŠŤÁKOVÁ, H., Nástroje posilování vztahů se zákazníky na B2B trhu, Praha: Grada Publishing. 2017. ISBN 978-80-271-0419-2.

PELSMACKER, Patrick de, Maggie GEUENS a Joeri van den BERGH., Marketing communications: a European perspective. 4th ed. Harlow: Pearson. 2010. ISBN 978-0-273-72138-3.

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Abstrakt

Predmetom tejto bakalárskej práce je návrh marketingového mixu pre začínajúcu firmu. Tento návrh je založený na teoretických východiskách, ktorých fakty ovplyvňujú firmu z rôznych uhlov: prostredie amerického trhu, uvedenie a propagácia novej firmy a nového produktu na trh, súčasný marketingový koncept a všeobecné odporúčania pre tvorbu marketingového plánu. Ďalšia časť tejto práce je založená na informáciách o súčasnom stave firmy a ich analýza, pričom tieto informácie poskytujú praktickú aplikáciu teoretických tvrdení. Tieto analýzy zahŕňujú opis súčasného marketingového mixu, analýza konkurencie a zhrnutie analýz. Následný návrh je teda výsledkom teoretickej rešerše a praktického rozboru firmy a jej prostredia.

Abstract

The subject of this bachelor's thesis is to provide a proposal of marketing mix and commercialization for a company entering market with a new product. This proposal is based on theoretical background, providing information that affect company from different angles: US market environment, introduction and promotion of a new product and company, contemporary marketing concept, and general recommendations for marketing planning. Other part of this thesis is based on current company information and its analyses, which provide us practical application of general statements. These analyses include current marketing mix, PEST analysis, competitor's analysis and summary of this analyses. Therefore, the proposal is a result of theoretical search and practical study of the company and its environment.

Kľúčové slová

nový produkt ▪ trh USA ▪ začínajúca firma ▪ analýza firmy ▪ získavanie zákazníkov ▪ marketingová komunikácia ▪ B2B prostredie ▪ marketingový návrh

Key words

new product ▪ US market ▪ company in early stage ▪ analyses of company ▪ customer acquisition ▪ marketing communication ▪ B2B environment ▪ marketing proposal

Rozšírený abstrakt

Jednou z charakteristických črt súčasného trhu je rozvoj nového typu podnikov typu „start-up“, ktoré vo veľkej mierke expandujú v takmer každej oblasti podnikania. Ich existencia je spočiatku maximálne závislá na financovaní investormi a zdrojmi vlastníkov, a preto sa firma od začiatku musí snažiť zabezpečiť si čo najskôr príjem v podobe zisku, ktorý úzko súvisí so získaním zákazníkov. Oblasťou môjho záujmu je práve tento typ firmy a preto som si zvolila ako tému svojej bakalárskej práce analýzu a návrh vhodného marketingového mixu pre začínajúcu firmu, operujúcu na B2B trhu. Táto práca zohľadňuje viaceré špecifiká, a to: podnikanie na americkom trhu, tvorba marketingu v začínajúcej firme, vývoj nového produktu a jeho umiestňovanie na vysoko konkurenčný trh. Téma práce je koncipovaná tak, aby jej návrhy zodpovedali zámerom firmy a boli realizovateľné pre firmu s kapitálom „start-upu“, čomu pomôže aj fakt, že som bola zamestnankyňou tejto firmy a podieľala som sa na prvotnej tvorbe akvizičnej stratégie. Táto práca je preto písaná v anglickom jazyku, keďže to bol jeden z požiadaviek firmy, ide o pracovný jazyk firmy a americká časť tímu ním aj výlučne hovorí.

Firma bola založená dvoma zakladateľmi v New Yorku v roku 2015, jedným Američanom a jedným Čechom. Jeden zo zakladateľov firmy sa dlhodobo venuje problematike malých podnikov a druhý pracuje ako konzultant veľkých firiem. Rozhodli sa založiť podnik, ktorý bude poskytovať nízko-nákladové riešenie pokladničného systému pre malé podniky. Tento produkt nazvali Figure POS a na jeho vývoji sa podieľalo niekoľko českých IT programátorov. Väčšia časť tímu pracuje v Brne a menšia v New Yorku. V tejto firme som začala pracovať na pozícii asistentka stratégie a operácií. Mojou úlohou bola tvorba stratégie predaja produktu určeného na americký trh. Tento produkt sme plánovali priviesť aj na český trh, ale tento zámer bol nateraz pozastavený. Mojm prínosom pre túto firmu bol prieskum trhov, analýzy marketingových možností určeného k tvorbe zákazníckeho referenčného programu a ďalším aktivitám.

Tento prieskum však nebol dostatočne využitý a firma doposiaľ nedisponuje celistvou stratégiou a marketingovým plánom. Doposiaľ tu nevzniklo ani oddelenie marketingu, ktoré by mohlo využiť už jestvujúci prieskum trhu a prehľad základných marketingových praktík. Podľa zistení uvedených v mojej bakalárskej práci, sú najvhodnejšími praktikami

pre túto firmu predovšetkým marketing sociálnych médií, SEM/SEO, osobný predaj, účasť na odborných podujatiach a „event marketing“.

Moja bakalárska práca je zameraná na tvorbu vhodného marketingového mixu, ako i komercializáciu, teda konkrétnym plánom získavania zákazníkov a teda tvorbou zisku. Tento plán bol jednou zo základných požiadaviek firmy. Vedenie firmy si uvedomuje, že sa nachádza v skorom štádiu, ktoré je veľmi kritické pre ich budúcnosť. Preto je ich záujmom, čo najrýchlejšie nájsť svoje miesto na trhu a pomocou správnych techník marketingu a predaja, získať potrebné množstvo zákazníkov.

Hlavnou oblasťou podnikania tejto firmy bol doposiaľ vývoj produktu- softwaru. Filozofiou firmy je ponúknuť na trh čo možno najlepší produkt, ktorého kvalita preyšuje konkurenciu a taktiež spĺňa konkrétne potreby a požiadavky zákazníkov. Tento prístup je firme blízky aj preto, že jeden z jej majiteľov sa dlhodobo venuje problematike malých podnikov, ktoré bojujú s viacerými zápornými faktormi podnikania. Tieto faktory sú napríklad vysoké náklady, konkurencia zo strany veľkých firiem, slabá podpora štátu a spolkov, prílišné vyťaženie konateľov firiem a často i legislatíva. Momentálne je vybraná firma v štádiu, kedy je vývoj produktu z veľkej časti hotový a firma si hľadá svoju cestu na trh, získava prvých zákazníkov a snaží sa vytvoriť model predaja, ktorý jej prinesie kladné výsledky vo forme zisku.

Práca obsahuje teoretické východiská, ktoré poskytujú faktický úvod do danej problematiky. V teoretickej časti sú definované pojmy marketing a jeho súčasné ponímanie, analýza trhu a špecifiká amerického trhu, B2B marketing, vývoj nového produktu a s ním spojená marketingová komunikácia. Práca taktiež obsahuje analýzu súčasnej situácie firmy. To znamená, že predmetom analýzy firmy v tejto práci je široká škála prvkov: počínajúc základnými údajmi o firme až po analýzu silných a slabých stránok, hrozieb a príležitostí.

Vzhľadom k marketingu sociálnych médií je pre firmu potrebná aktívna a pravidelná účasť na tých médiách, ktoré sú štatisticky najviac využívané cieľovou skupinou zákazníkov. Počas tvorby práce som založila pre firmu účty na tých sociálnych médiách, ktoré vychádzali z prieskumu trhu ako najefektívnejšie. Jedná sa o Facebook, LinkedIn, Youtube, Google +, Twitter, Instagram. Po mojom odchode z tejto firmy však na týchto účtoch neprebehla ďalšia aktivita a preto je súčasťou tejto práce aj môj návrh na

pravidelné zdieľanie reklamných materiálov. V rámci tohto odporúčania ponúkam aj kalkuláciu nákladov na kampaň na sociálnej sieti Facebook.

Ďalšie odporúčanie je zamerané na tvorbu marketingového obsahu- „content marketing“. Popri ďalším aktivitám navrhujem taktiež založenie blogu, ktorý je v súčasnosti hodnotený ako masívny trend v oblasti marketingu. Blog by mal byť zameraný na články vzťahujúce sa k produktu ako i na aktuálne dianie a novinky v odvetví pokladničných systémov, a taktiež v oblasti podnikania malých podnikov. Na stránkach bakalárskej práce ponúkam návrh marketingového plánu, ktorý obsahuje odporúčané množstvo reklamného obsahu za týždeň, kalkuláciu nákladov pre „content marketing“ na jeden mesiac a návrhy tém pre blog.

Ďalším návrhom je zavedenie SEM a SEO, teda optimalizácia pre vyhľadávače a ich marketing. V tejto oblasti odporúčam zamerať sa na Google Adwords, kde je možné vytvoriť súbor kľúčových slov, ktoré majú potenciál zaujať tých správnych užívateľov. V časti práce, kde opisujem tento návrh sa nachádza návrh kľúčových slov, spolu so „screenshot-mi“ nastavenia kampane v Google AdWords a následná kalkulácia nákladov na túto kampaň.

Keďže firma si momentálne buduje základňu svojich zákazníkov, je dôležité sa k nim dostať čo najbližšie. Preto navrhujem osobný predaj a to spôsobom, že zástupca firmy navštívi vybraný podnik a sprostredkuje potrebné informácie o produkte, pričom zo sebou prinesie reklamný materiál, aby si firma mohla následne overiť a dohľadať ďalšie informácie. Tento spôsob zaručuje priamy kontakt s potenciálnym klientom a okamžitú spätnú väzbu. V tomto odporúčaní poskytujem návrh letáku a vizitky spolu s kalkuláciou nákladov na túto kampaň.

Posledným z mojich odporúčaní je účasť na veľtrhu maloobchodníkov. Tento veľtrh sa uskutoční v New Yorku a je jednou z najväčších udalostí v danej oblasti. Účasť na tejto udalosti má za predpoklad prínos v oblasti šírenia povedomia o firme, rozšírení kontaktov a získavaní potenciálnych klientov. Pre firmu som pripravila nákladovú štruktúru tejto udalosti spolu s podrobnými informáciami o veľtrhu.

Táto práca a jej výsledky sa snažia pokryť problematiku tvorby prvotnej marketingovej stratégie firmy v skorom štádiu vývoja produktu. To, či firma uspeje a začne tvoriť zisk záleží na tom či si dokáže získať svojich zákazníkov svojim kvalitným produktom, ale aj

kvalitným marketingom. Vzhľadom k tomu, že trh na ktorý sa firma zameriava, je veľmi konkurenčný, vedenie firmy musí klásť veľký dôraz práve na budovanie povedomia o značke a dôkladnom poznaní svojho zákazníka. Ako povedal Scott Belsky (2010): „Nie je to o nápadoch, ale o ich zrealizovaní.“

Bibliografická citace

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Declaration/ Čestné prohlášení

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Brno, 20th May 2018

V Brně dne 20. května 2018

podpis studenta

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INTRODUCTION

In recent years, we have seen a big raise of new enterprises establishment. These starting-up companies face many challenges such as issues with cash flow, small or poor management team, small market for the concerned product, strong competition and insufficient marketing strategy.

As I said, a couple of years ago we have seen a real boom of start-ups but in 2017 lots of them went bankrupt only a few months after their creation. Many companies were found out being unable to construct a successful business model, which would fulfil market needs in order to make profit and avoid running out of money in a short time period. The epicentre of this problem is of course located in the Silicon Valley in San Francisco, which is the most active region for innovations and new technologies in today's world. This hype about start-ups caused their overpricing as no big investor wanted to miss a chance.

But, start-ups still represent an important aspect of economy and force of innovations across the globe. They create new products, new jobs and new technologies driven by someone's vision and ideas. It is important to have start-ups in the economy as they are the type of business which make a disruption and potentially change the world's behaviour.

My Bachelor's thesis focuses on question of business development in a company in early stage. Companies so called start-ups usually suffer from the lack of capital as they are dependent on their investors and funds from business owners, without generating profits at first. Therefore, my focus is especially on analysis and proposal of company's marketing development, which can significantly help company to acquire more customers and bring profits.

The company which will be analysed in this thesis is called Figure POS. It has been founded in 2015 by two friends from Georgetown University, targets US market, a part of its team is located in Czech Republic and it operates on B2B market.

The product developed by Figure POS is a point of sale system functioning as a tablet software (operating exclusively on iPads) and can be used by any small to mid-sized company, which needs to report sales and pay taxes. It also offers many other features,

which can be found as beneficial for retailers. Figure POS is challenged by strong competition with longer existence on the market, but founders believe that they can offer a new and better product on this specific market.

In this thesis I will offer a set of recommendations for Figure POS based on theoretical background describing general facts about marketing development, new product development and specificities of the US market. These recommendations will be also linked to the analysis of this company and their product from different angles. As the company was founded only three years ago, there is a very little historical data to work with. Therefore, I will begin by studying different activity predictions and analyse Figure POS from fundamental characteristics to its range of possibilities and threats. In a second time I will focus on its environment in terms of competition, suppliers and potential customers.

As I was an employee of this company I think I will be able to bring an accurate set of recommendations which will be possible to be implemented. This proposal will also provide a financial part including the cost structure of all proposed improvements.

1 GOALS AND METHODOLOGY OF THESIS

In this chapter I would like to present what is the main purpose and mission of this thesis. I will describe my main and partial goals and the methodology I used. I will also mention what are my main sources of information and the motivation which made me write about this particular topic.

1.1 Main goal

The main aim is to develop a strong marketing base for proposal of marketing mix during a new product launch on the American market.

Primarily, this marketing proposal should help the future customer acquisition and the lead generation. When a new company is launching its first product it is very important to start to generate sales from the very beginning. Otherwise it may follow the sad but common destiny of too many start-ups nowadays: to disappear even before starting to make profit. Secondly, the company analysed in this thesis, as a new one on the market, needs to be recognized and good marketing plan can heavily help to achieve the brand desired awareness.

1.2 Partial goals

- ❖ Theoretically explain the main aspects of developing a marketing mix then determine the background of this thesis focussing on the marketing issue of new product launch.
- ❖ Analyse the company itself and find specificities of the product to be used as main guide for the marketing mix.
- ❖ Provide a proposal of marketing mix of the product.
- ❖ Evaluate all threats and benefits of this proposal for the company.

1.3 Methodology

This thesis is divided into three parts. The first part is rather theoretical, and provides researches of scientific literature related to the main subject of this thesis. This part

supports the analytical part and finally the own recommendations. The second part, which is analytical, will mainly present investigations related to the company itself and its business environment. The third part is dedicated to my own recommendations and proposals. I will try to provide the most accurate recommendations based on previous researches and analyses.

My development of the proposal of marketing approach will consist mainly in comprehensive researches about the market and customer behaviour. It will also include the main characteristics of the studied company, description of their new product, organizational structure and customer profiles. Finally, I will present a set of analyses including determination of marketing mix, PEST analysis, competition analysis and a summary of these different studies of the company's crucial elements.

My sources are my personal experiences, my own observations, online sources of competitors and scientific literature. I did most of the mentioned observations and notes while working in the chosen company in direct contact with co-founders in year 2017 and it heavily helped me prepare this thesis.

2 THEORETICAL BACKGROUND OF THESIS

In this part I will describe important marketing principles, which will be practically applied on the development of marketing mix of the chosen company. Chronologically there will be explained how to set a right commercialization and marketing approach from basic marketing research to essentials of management and delivery of marketing programs.

As Kotler and Keller (2013, p. 33) said, company departments like finance, accounting, logistics and others would not have so much to work on without a sufficient demand for a product or a service that makes a profit. The profit very often depends on the marketing abilities of a company.

2.1 Definition of marketing

According to the definition of marketing from Kotler and Armstrong (2004, p. 30) we could describe marketing as a social and managerial process which mediates satisfaction of needs and wishes of individuals and groups of people in the process of production or exchange of the product or other entities.

2.1.1 Modern marketing concept

Marketing has gone through tremendous changes in the past years. The definition of marketing above says that the aim of marketing is to try to satisfy people's needs and wishes. Jobber (2007, p.4) adds that marketing is also a process where company needs to focus on achieving its goals through better customer satisfaction than the competition. Jobber (2007, p. 5) offers an infographic on the figure n. 1, explaining the key components of his marketing concept. It shows that this marketing concept is a tool to meet and exceed the needs of customers more effectively than competitors. Key components are customer orientation, integrated effort and goal achievement. These components are explained deeper in the infographic and they show that the key to goal achievement is through focus on customer.

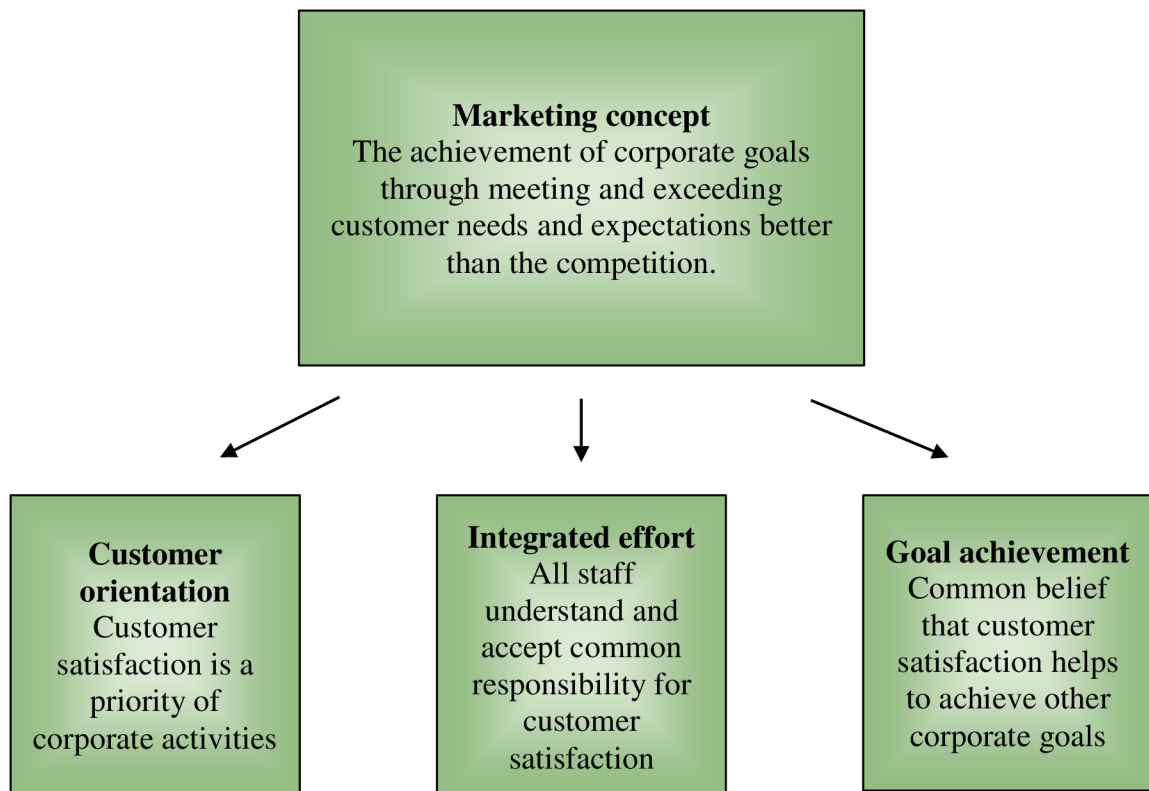


Figure 1: Marketing concept nowadays (Source: Jobber, 2007, p. 5)

2.2 Analysing marketing opportunities

Nowadays the competition between companies can be really hard. The usual winners are companies which successfully combine these two strategies:

- ❖ creating and delivering superior value to target customers,
- ❖ market- oriented strategic planning.

Consequently, the ability to manage the whole marketing process is today considered as a big competitive advantage (Kotler, 2003, p. 58).

2.2.1 Market research

Market research is an inseparable part of development in business sphere. Good marketers aim to satisfy customers' needs, fight the competitors and finally profit (Kotler, Keller, 2013, p. 35). It means that marketers need to know their customers well and they can achieve it by thorough market research and analysis.

„Marketing research is the collection, processing, and analysis of information on topics relevant to marketing. It begins with problem definition and ends with a report and action recommendations.” (Lehmann, 1979, p. 3)

However, I would not want to focus on the process of marketing research itself. I will rather try to understand the aim of this process- beginning with strategic planning and ending with identifying target market.

2.2.2 Marketing planning

Generally, it is necessary to include marketing planning into strategic planning of a company. Although the marketing plan has two levels, strategic and tactical, the difference between them is determined by the time horizon. Strategic plan covers more than 1 year (usually 2- 5 years) and it is more globally oriented. Whereas tactical plan focuses on details in short time, usually activities that happen in 1 year or less (McDonald, Wilson, 2012, p. 49).

„The strategic marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, channels, and service.” (Kotler, 2003, p. 58)

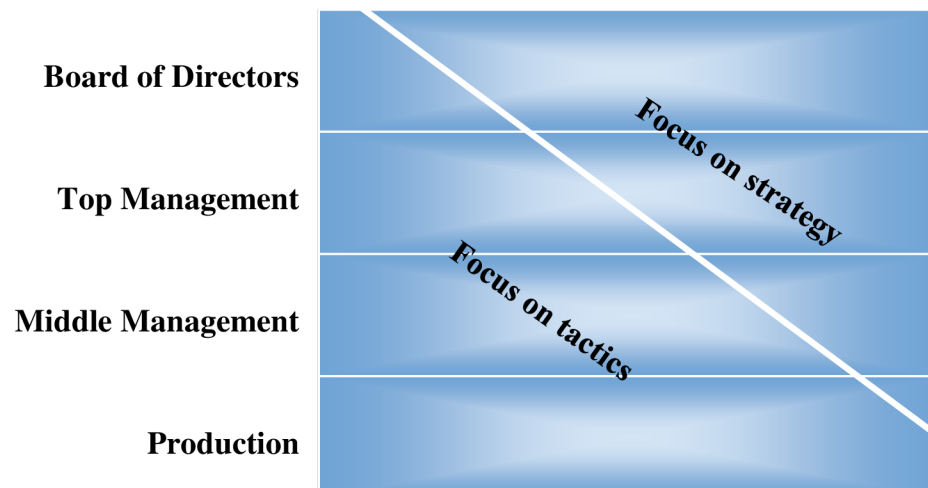


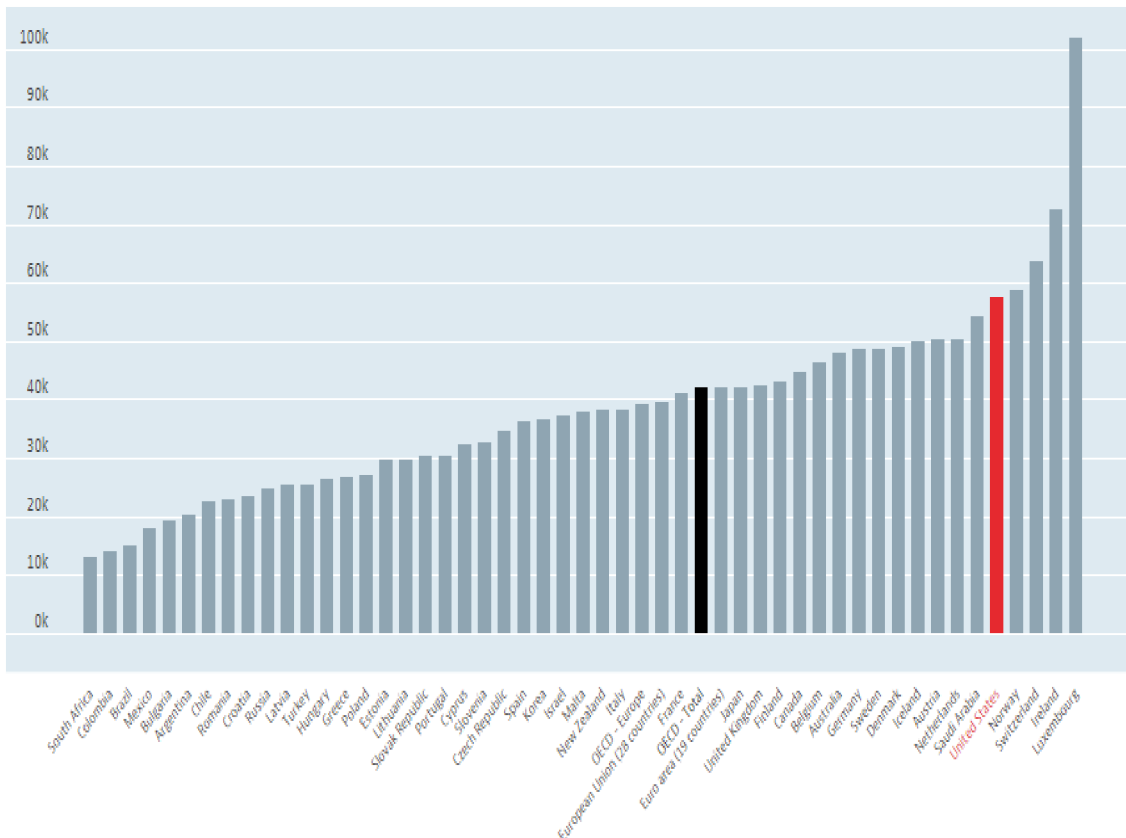
Figure 2: Modern marketing planning (Source: Adapted from McDonald, Wilson, 2012, p.51)

McDonald and Wilson (2012, p. 51) explain the figure n. 2 above as a style of marketing management nowadays. We see that a company respects importance of the strategy and it is also able to include all layers of management into its development. Also this concept

says, that the first priority is always on the strategic plan which covers long-term horizon. Short-term tactical plan must not be created before the strategic one.

2.2.3 Specifics of United States market

According to OECD data, GDP of United States is \$57591 per capita and US GDP creates 21 % of the world's GDP (see the graph n.1).



Graph 1: Gross domestic product (GDP)Total, US dollars/capita, 2016 (Source: OECD, 2018)

US market compared to the European one is more competitive and difficult to understand at first. Even if there is a huge potential thanks to 300 million consumers, we have to think of the market enter costs, which are much higher than the costs in European Union. If a Czech person thinks of establishing a business in the US, they have to count with different costs spectrum, including a broad market and environment analysis due to large area and importance of choosing the right one. Problematic could be also a matter of certifications, which is very strict in the US and does not accept the European ones.

US consumer is demanding products and services of the best quality and low price. High-level of customer service is an indispensable part of a demand, such as prompt and direct

dealing, active approach, flexible reaction on the demand changes, clear communication, and long, reliable partnerships (Embassy of the Czech Republic in Washington, D.C., 2018).

2.3 Business-to-business marketing

Business-to-business market (organizational market) is formed by all organizations, which make purchases for use in following production of products or services, which happen to be sold, rented or supplied forward (Kotler, Wong, Saunders, Armstrong, 2007, p. 362).

Principles of B2B and B2C marketing are theoretically the same - companies seeks ways to identify customers' needs and try to create the most appropriate marketing mix to satisfy those needs. However, in practical terms there are many differences explained in the table n.1. (Solomon, Marshall, Stuart, 2006, p.165).

Table 1: Comparison of B2C and B2B markets (Source: Adapted from Solomon, Marshall, Stuart, 2006, p. 166)

B2C markets	B2B markets
❖ Purchases for different use that personal	❖ Purchases for personal use
❖ Decision is usually made by a few people	❖ Decision is usually made by an individual
❖ Carefully considered purchases	❖ Impulsive purchases
❖ Long-term relationships between buyer and seller	❖ Short-term or one-time relationships between buyer and seller
❖ Purchases often connected to high risk and cost	❖ Purchases usually with low risk and price
❖ Limited number of big customers	❖ Many individual consumers and households
❖ Promotion focused on personal selling	❖ Promotion focused on advertisement

Marketer focused on organizations works with fewer number of much bigger customers than the marketer oriented to final consumers. Deals closed on B2B markets are also much

bigger and absolutely crucial for both seller and buyer, where sometimes the destiny of the whole company can be at risk. This is a reason, that B2B contract has larger scale and absolutely strategic importance (Kotler, Wong, Saunders, Armstrong, 2007, p. 363).

Lošťáková (2017, p. 145) enumerates B2B marketing communication tools by the priority from the most effective and the most frequently used ones to the least effective and the least frequently used ones:

- ❖ personal selling,
- ❖ direct marketing and interactive marketing (online marketing),
- ❖ public relations,
- ❖ sales promotions,
- ❖ word-of-mouth marketing,
- ❖ classic advertising.

To conclude, it is certain that competitive B2B organization needs to include all of the communication tools into the marketing strategy in a scope and range that help to achieve all marketing and strategic aims set out.

2.4 Determination of marketing mix

Marketing mix is a set of controllable marketing variables prepared for the production program to be as close to the needs of the target market as possible. Marketing mix is based on certain elements and it aims to find the balance between them. Composition of the marketing mix is therefore fully in the hands of a company (Jakubíková, 2013, p. 190).

Term „marketing mix” was for the first time used by Neil H. Borden from Harvard Business School in USA. For purposes of this thesis, the classic interpretation of marketing mix will be used, also known as 4Ps (Jakubíková, 2013, p. 190):

- ❖ product,
- ❖ price,
- ❖ place,
- ❖ promotion.

In the table n.2, I explain examples of tools which belongs to particular element of marketing mix. These are the tools which create a big part of a business model of a product or a service. Product is an object with some characteristics, design, quality, packaging, variants, brand, services and warranties. Secondly, price is an element which consists of declared price, discounts, credit terms, payments deadlines and concessions. Thirdly, place includes roads, logistics, warehouses, transport, assortment and placement. And last, but not least, is promotion consisting of advertising, public relations, sponsorship, sales promotion, direct marketing, sales points, exhibitions and tradeshows, personal selling and interactive marketing.

Table 2: Tools of marketing mix (Source: Adapted from Pelsmacker, Geuens, Bergh, 2003, p.24)

Product	Price	Place	Promotion
Asset, usefulness	Declared price	Roads	Advertisement
Characteristics	Discounts	Logistics	Public relations
Variants	Credit terms	Warehouses	Sponsorship
Quality	Payment deadlines	Transport	Sales promotion
Design	Concessions	Assortment	Direct marketing
Brand		Placement	Sales points
Packaging			Exhibitions and tradeshows
Services			Personal selling
Warranties			Interactive marketing

2.5 New product development

Whether we speak about new product of an existing company or the first product of a new company, it is important to include what kind of challenges companies go through when launching a new product.

Every year, there are thousands of products offered for the first time, but only less than 10 percent can be classified as entirely new, original or innovative. The rate of failure is

also disturbing. Studies show, that 95 percent of new U.S. consumer products fail and european consumer products fail at 90 percent. We could list some examples of reasons:

- ❖ a high- level executive pushes a favourite idea in spite of negative market research findings,
- ❖ the idea is good, but the market size is overestimated,
- ❖ the product is not well designed,
- ❖ the product is incorrectly positioned, ineffectively advertised, or overpriced,
- ❖ development costs are higher than expected,
- ❖ competitors fight back harder than expected (Kotler, 2003, p.190).

So what makes a difference? What stands behind successful new product?

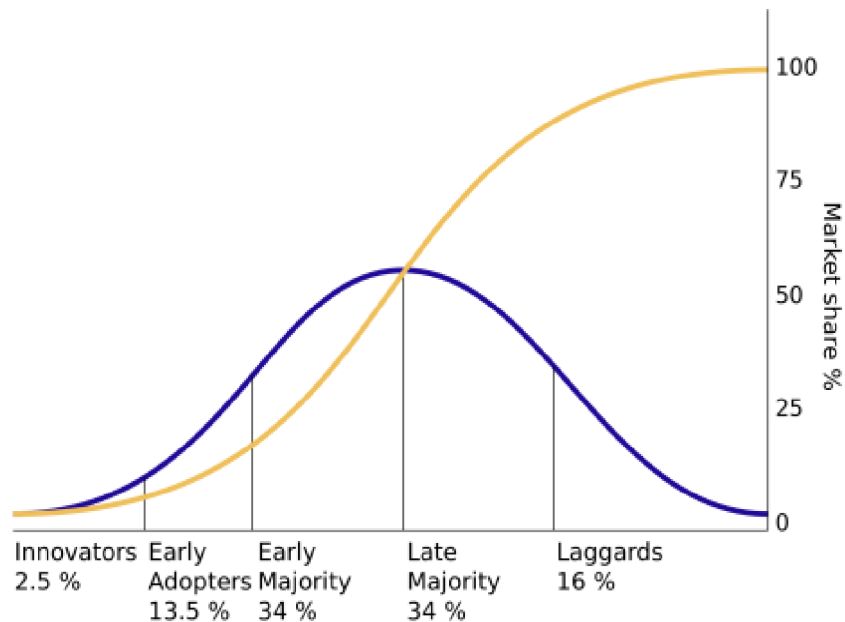
Madique and Zirger in their case of the U.S. Electronic Industry studied successful product launches in this industry and found out, that the success is partly greater due to:

- ❖ better understanding of customer's needs,
- ❖ a higher performance-to-cost ratio,
- ❖ a head-start in introducing the product before competitors,
- ❖ a higher expected contribution margin,
- ❖ a higher budget for promoting and launching the product,
- ❖ more use of cross-functional teamwork,
- ❖ stronger top-management support (Kotler, 2003, p.190).

2.5.1 Theory of diffusion of innovations

„One kind of uncertainty is generated by an innovation, defined as an idea, practice, or object that is perceived as new by an individual or another unit of adoption. An innovation presents an individual or an organization with a new alternative or alternatives, with new means of solving problems. But the probabilities of the new alternatives being superior to previous practice are not exactly known by the individual problem solvers. Thus, they are motivated to seek further information about the innovation to cope with the uncertainty that it creates.” (Rogers, 1995, preface)

Theory of diffusion of innovations says that there are four segments of customers, who differ by their approach to innovations. Innovators are first to adopt a new product and the laggards are the last ones. Between these two groups there are as well early adopters, early majority and late majority. We can see their behaviour in the graph n.2. If all customer segments already adopted the product, target market is fully saturated. Although if only laggards stay in the market, it means that product is in the recession phase (Karlíček a kol, 2013, p. 161).



Graph 2: Theory of diffusion of innovations (Source: Kotler, Keller, Wong, Saunders, Armstrong, *Moderní marketing*, 2007, p. 345)

This theory also connects with marketing tool called influencer marketing. It aims to impact the innovators (opinion leaders or influencers). Companies assume that innovators may spread their product through whole market and affect opinion of people around them (Karlíček a kol, 2013, p. 161-162).

2.6 Marketing communication

Marketing communication could be explained as a managed informing and persuading the target groups, where thanks to it the company meets its marketing goals (Karlíček, 2016, p. 10).

If a company wants to create an effective marketing communication program, it should follow these eight steps:

- ❖ identify the target audience,
- ❖ determine the communication objectives,
- ❖ design the message,
- ❖ select the communication channels,
- ❖ establish the communication budget,
- ❖ decide on the media mix,
- ❖ measure the results,
- ❖ manage the integrated marketing communication process (Kotler, 2003, p. 303).

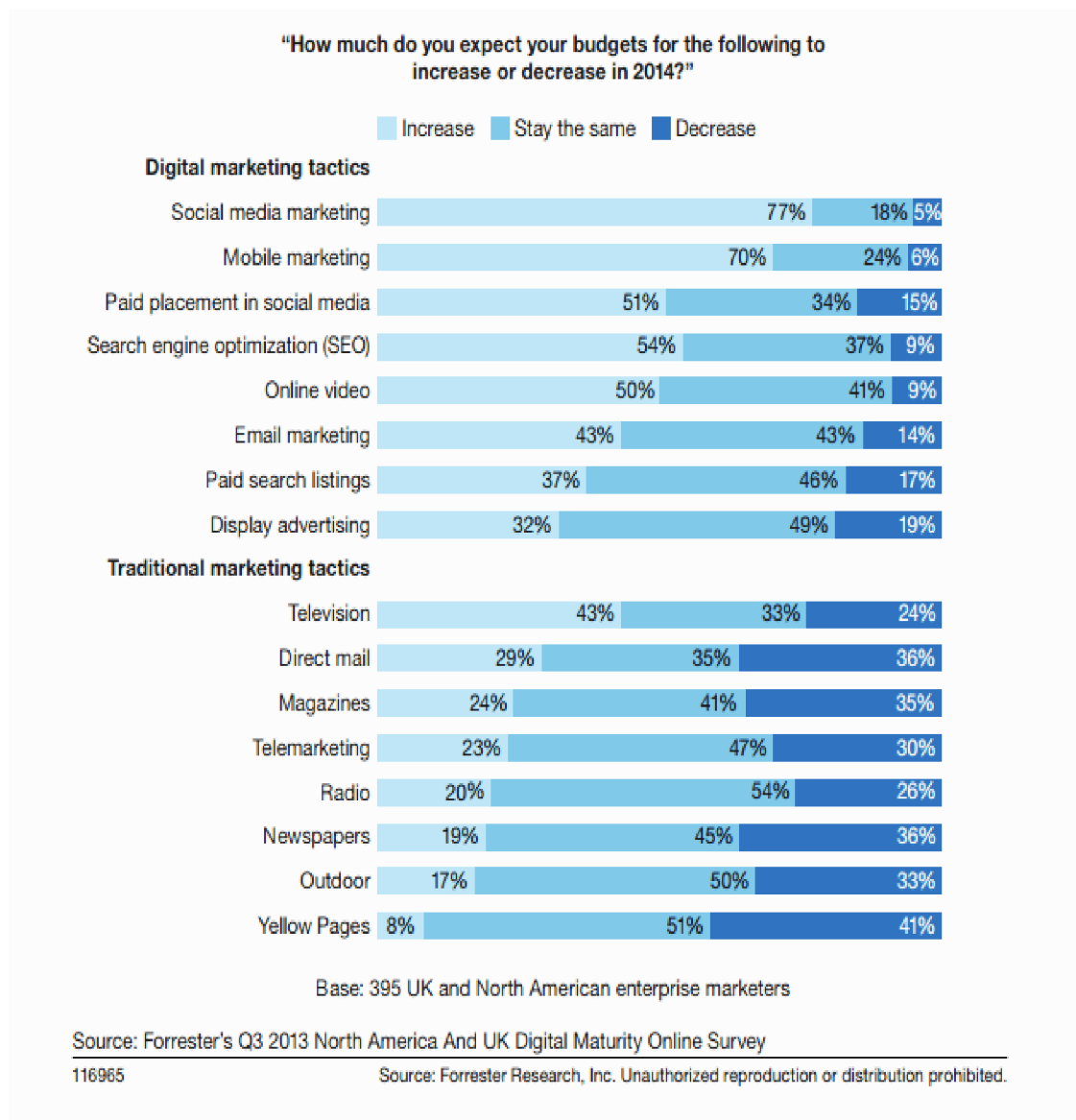
2.6.1 Trends in marketing communication of 21st century

Due to fast technological evolution, we can also see significant changes in the media sphere. Researchers say that people in developed countries spend almost 14 hours by using certain medias. It means that people are exposed to media all the time except sleeping. While radio took 80 years until it hit a population of 50 million people, it took only 13 years for TV, iPod only 3 years and Facebook got it just in 2 years. Marketing strategies become more customized and individualized. There is also a significant change in the role and effectiveness of marketing tools and companies search new ways and concepts to better captivate target customers. Some of the current effective marketing tools are mainly a product placement, guerrilla marketing, viral and mobile marketing, buzz marketing and word-of-mouth (Přikrylová, Jahodová, 2010, p. 255).

Frey (2011, p. 16) predicts decrease in use of traditional marketing media. However, television still means the best channel for making a brand awareness and image according to him. The future is in a digital world, but for successful marketing strategy, company has to use a wide range of different channels.

Marketing research of Forrester Research provides prediction of how digital and traditional marketing tactics were supposed to evolve in 2014 according to opinions of marketers- the graph n.3 is attached on the next page. Social media marketing was

supposed to increase most spendings, as it takes more important place in marketing year by year. Other digital marketing tactics were on the raise as well. On the other hand, traditional marketing tactics are on the decline. The most significant decrease in spendings was expected by advertising on television.



Graph 3: Digital Tactics Should See Budget Hikes in 2014 (Source: VanBoskirk. 2014, p. 10)

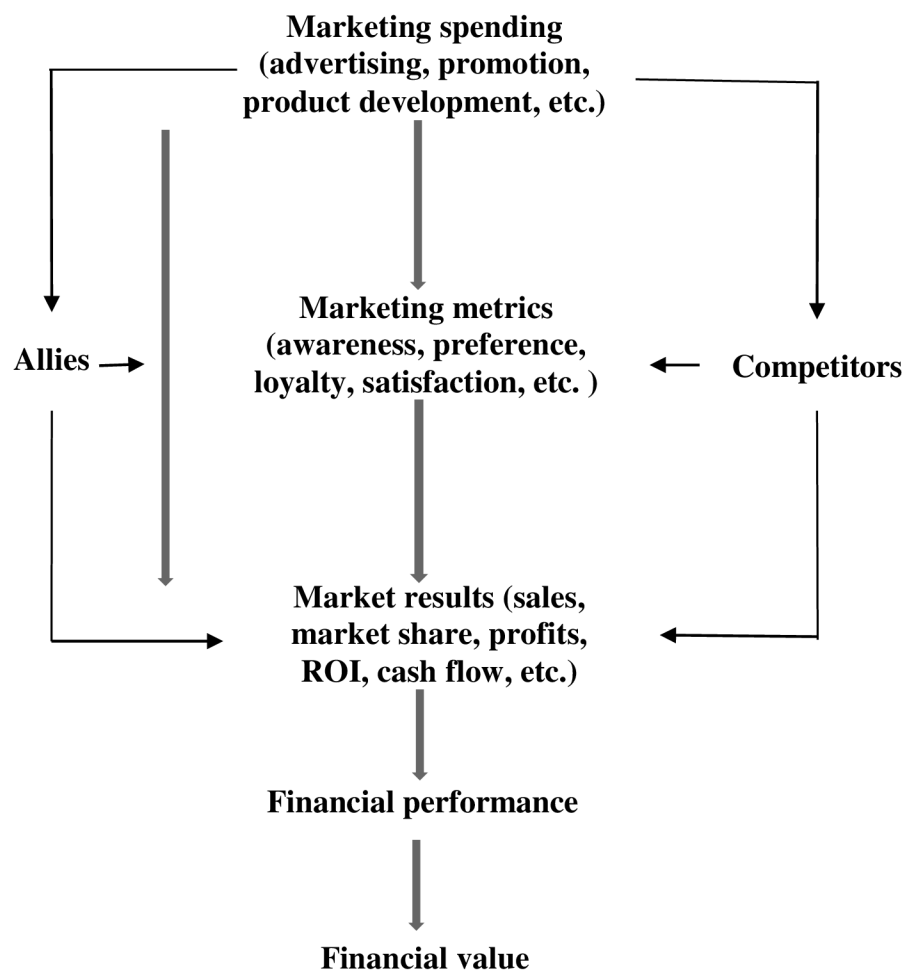
2.6.2 Measurement

„In recent years, data-based marketing has swept through the business world. In its wake, measurable performance and accountability have become the keys to marketing success.”

(Farris, Bendle, Pfeifer, Reibsein, 2010, p. 1)

Katie Delahaye Paineová encourages to set clear and measurable goals for the business. It is necessary to know, what is the problem that we need to solve, and do not use those channels that are not profitable or do not bring any value. It is not possible to manage anything, if we cannot measure it (Sterne, 2011, p. 34).

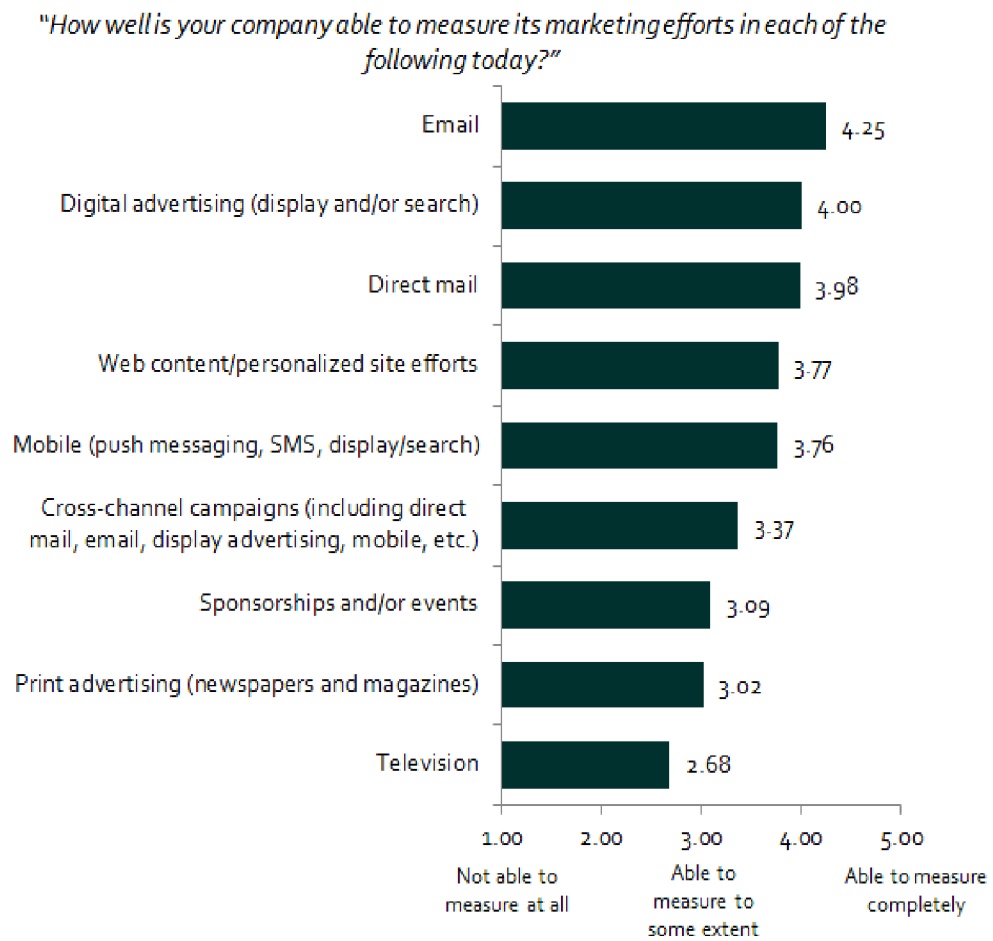
Lehmann and Reibstein created a framework that links company actions with product-market and financial performance. It is basically a model showing how various metrics link together. They call it: „The structure of metrics: from marketing to marketing cap” (see the graph n.4).



Graph 4: The structure of metrics: from marketing to marketing cap (Source: Adapted from Lehmann, Reibstein, 2006, p. 9)

In the graph n. 5 we see the scale of possibility to measure particular marketing activities. The best measurable channel according to this research is email marketing and the least measurable channel is TV. The less measurable the marketing activity is, the less

manageable it is. Therefore, companies should focus also on creating meaningful metrics to optimize their marketing efforts.



Graph 5: Scale of ability to measure marketing efforts by marketers (Source: Uehlein, 2016)

„Without developing quality metrics that communicate marketing’s value, marketing may find its days as a standalone department numbered, as it is absorbed into sales, finance, or other departments.” (Patterson, 2009, p. 15)

3 ANALYSIS OF THE CURRENT STATE

To be able to provide a set of relevant recommendations for the marketing mix of the company, it is fundamental to know the company itself - the subject of its interest, what the product is, and who the customers are. Once this information is given, I will be able to use relevant analyses of company's situation to see a complex result for further recommendations.

3.1 Description of the company

The company was established by two founders - friends from Georgetown University in 2015 in New York. Within their fields of studies and work, they found out together what small businesses lack and decided to find a solution to make the business easier for them. Small businesses are usually fighting against high costs, cash flow issues, tiredness and competition. The founders of product called Figure POS created a concept that saves money and time of small business owners.

3.2 Business product

„Figure is a cloud-based point-of-sale system that makes managing your business easier.” (Two Beards, 2018)

The company develops one product - a software. Software is primarily designed for retailers and serves as a point-of-sales system. This software is compatible with iPad devices and can be downloaded on the App Store.

The company works on a model called Software as a Service (SaaS), which means, that the software is licensed on a monthly basis and hosted centrally (Wikipedia, 2018).

Product is functioning as an:

- ❖ ordering system,
- ❖ cash register (connected to a printer),
- ❖ analytic tool for managers (sales, turnovers, costs, etc.),
- ❖ employee hours tracking tool,

❖ reporting tool (Two Beards, 2018).

Product is available in one-month free trial for all new users. After the first free month, product can be purchased on monthly basis. Website of Figure POS promotes outsourced hardware, which is needed to run the software, such as tablet iPad, card readers and thermal printers.

3.3 Organizational structure

The structure below is supposed to show different lines of employees. Company does not have a hierarchy which is generally defined, but so far all staff work in subteams of one big team. In the first line, there are co-founders and chief officers. The second line presents main managers of different departments- development team, product management, sales management. Third line are members of development team, as well as fifth line. Sixth line presents recruitment department. Company does not work under a particular hierarchy, as I mentioned, because in the early stage is more practical to work as a one unit, as you can see in the figure n.3.

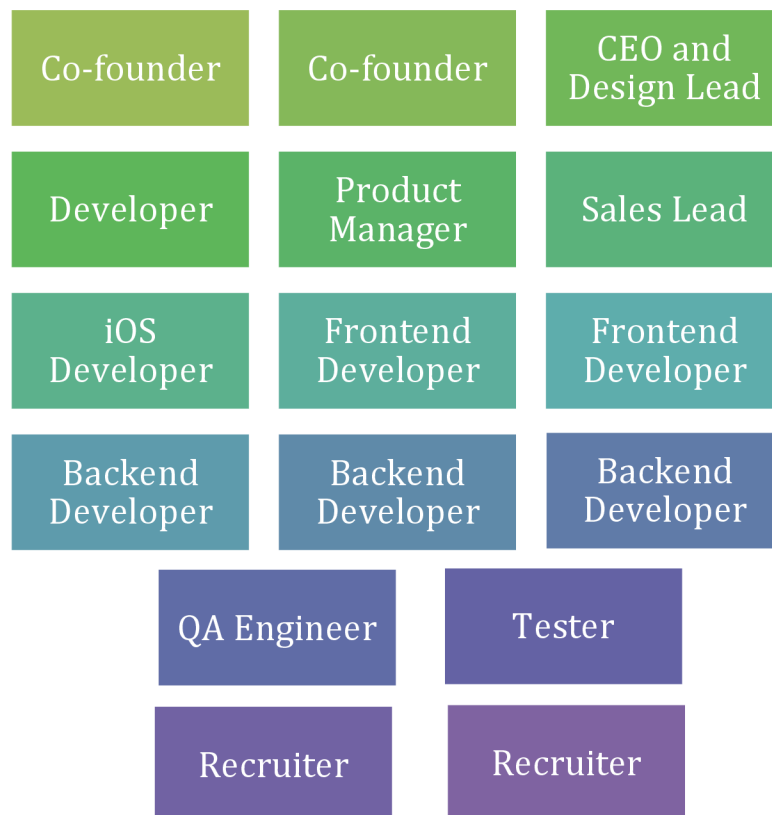


Figure 3: Organizational structure of the company (Source: Own adaptation based on own observation)

3.4 Customers

The company serves B-to-B customers, especially small businesses in the US. I could specify the profile of the Figure POS customer as a small business owner, who uses a cash register, works with few employees, needs to make reports and manage employees, wants to save a cost of transaction and wants to have the business organized and under control.

Customers of Figure POS are from these industries:

- ❖ restaurants, bars,
- ❖ quick services, Deli,
- ❖ bakery, coffee shops,
- ❖ retail,
- ❖ launder and dry cleaning,
- ❖ beauty salons, spa, floral,
- ❖ healthcare,
- ❖ home and repair services,
- ❖ professional services,
- ❖ business, consulting services,
- ❖ leisure and entertainment,
- ❖ transportation (Own adaptation based on information from company).

3.5 Company's situation analysis

Before being able to give a set of recommendations for the further marketing efforts and improvements of the existing marketing mix, it is worth to analyse current situation of the company. Several analyses will show what exactly is done in the company right and what needs to be changed or excluded regarding the better marketing and generation of profit.

3.5.1 Marketing mix

Marketing mix consists of company's product, price, place and promotion specified on the next page.

Product

The product Figure POS is a software. To be able to use the software, it needs to be used on a specific type of hardware. Figure POS application can be installed and used only on iPad- tablet from Apple company. The product- software itself, then needs to be completed by several supplies: iPad, thermal printer and bank card terminal.

Figure POS is generally called a point-of-sales system and full **list of functions** is following:

- ❖ ordering system,
- ❖ accepting cash or credit card online/offline payments,
- ❖ collecting digital signatures,
- ❖ reporting system for sales, profit, stock purposes, analytics of the data,
- ❖ customization,
- ❖ customer recognition, customer management tool,
- ❖ employee management,
- ❖ data stored on cloud storage system (Two Beards, 2018).

Most **positive characteristics** according to my observation are:

- ❖ possibility of offline payments,
- ❖ intuitive and easy to use system,
- ❖ low transaction fees,
- ❖ no long-term commitments (cancellation at any time),
- ❖ customer management tool,
- ❖ robust data reports and analytics with visualisations,
- ❖ possibility to download all data (Own adaptation based on my observation).

Price

The pricing model is set on monthly basis and user can purchase substantial terminals any time it is needed. It is explained in the table n. 3.

Table 3: Pricing model of Figure POS (Source: Figure POS, 2018)

One terminal	\$40 + \$0,05 per transaction + 0,05% interchange fee*
Additional terminal	\$20

*Interchange fee is set between the card issuer and the issuing bank (Two Beards, 2018)

Place

The product can be purchased online through the App Store provided by Apple Company. Below is attached a screenshot of point of sale of Figure POS from App Store taken by iPad device.

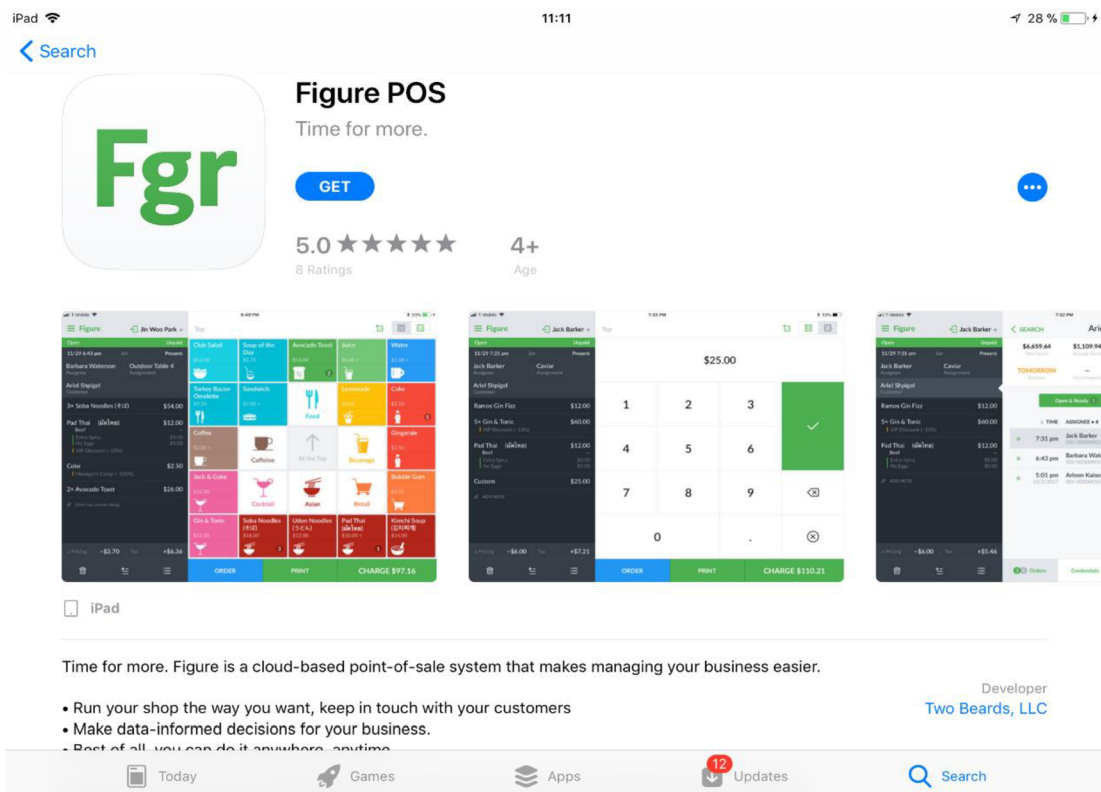


Figure 4: Screenshot of place of sale - App Store from Apple Inc. (Source: Apple Inc., 2018)

User interested in buying the software can download the application to iPad and pay for it by credit card. It also gives user an access to web application where the background and all items can be managed and customized directly by customer.

Promotion

Promotion is in the phase of market research and evaluation of the most appropriate approach, with focus on combination of marketing and sales techniques, to achieve successful sales rate.

Company established its own website www.figurepos.com, where it promotes the product, informs about the company and team, and also serves as a place to register for use of the platform.

Important part of the website is the referral program section (see the figure n.5). The principle is, that if the current customers refers Figure POS to their acquaintances and they become company's customers, they will get reward. Figure POS referral program is a double-sided incentive system, what means that both referee and referral get rewarded after they meet given conditions. This program, its structure and copywriting were created by me in cooperation with development team. The program aims to increase number of qualified leads and therefore increase a number of closed sales.

Promotion of this program is done firstly through emailing the current customers in set timing period, because the referee has to be already a customer to be able to refer next person. It is also planned to share the program via social media, such as Facebook, Twitter and others.

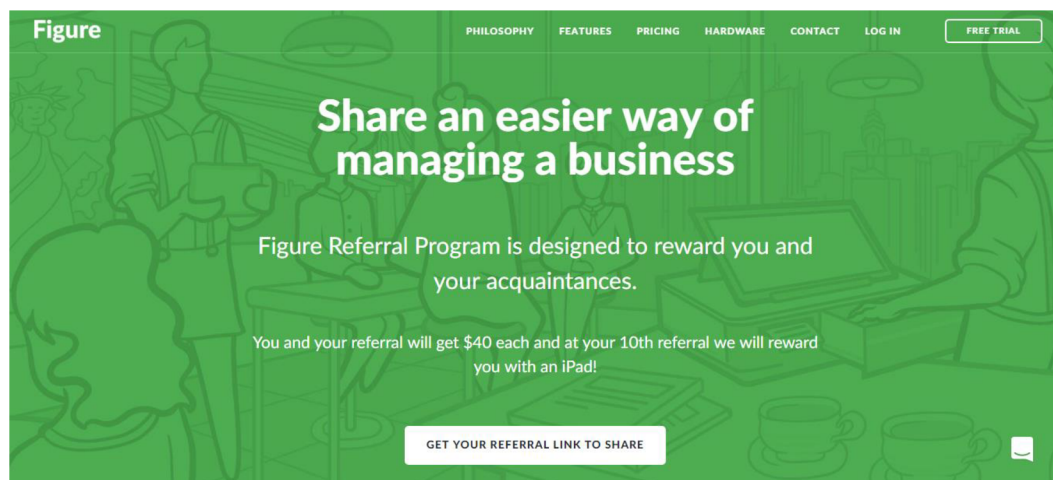


Figure 5: Screenshot of referral program design (Source: Two Beards, 2018)

3.5.2 PEST analysis

PEST analysis stands for political, economic, social and technological factors of environment, that can affect the competitiveness of companies or industries. Even though companies realize the importance of environment, they often do not take enough time to analyse it properly. It can be caused by wrong view of managers, who see the environment as too uncertain and hard to be actually analysed, so they just concentrate on short-time operations. That is why analysts divided environment into three levels:

- ❖ the general environment,
- ❖ the operating environment,
- ❖ the internal environment.

This enables managers to be aware of the environment and its fragments, and understand what influence they have on the organization performance (Bensoussan, Fleisher, 2008, p.169).

Political environment

US market differs from the Czech one, as I already mentioned in the chapter 2.2.3. In US, technical and financial innovations bring much higher need of regulations than in past among all the markets. Every few years tighter regulations are adopted.

After several scandals it was absolutely unavoidable to adopt new regulations and compliance, such as a significant regulation in 2002, which focused on much tighter personal responsibility of corporate top management to stress out the need of responsible reporting of financial statements (Wikipedia, 2018).

Also among the general regulations and compliance there is a PCI DSS Compliance (The Payment Card Industry Data Security Standard Compliance), which applies to those who work with and are associated with payment cards. This includes: merchants of all sizes, financial institutions, point-of-sale vendors, and hardware and software developers who create and operate the global infrastructure for processing payments, and also applies to Figure POS. Company is challenged to meet 12 PCI compliant requirements according to the PCI Security Standard Council (PCI Security Standards Council, 2018).

The above mentioned facts mean a threat to the company in the case it is not able to meet the requirements explained above. This would affect the whole business plan of the company as the product is offered directly to businesses, which operate with card payments and the company itself also accepts the payments for product through cards. Company's future basically depends on fulfilling conditions of PCI DSS.

Economic environment

GDP of United States has grown from 543,300.00 mil. in 1960 to 18,624,475.00 mil. in 2016 (The World Bank Group, 2018). More detail data on US economics are available in the table n.4.

Economy of US is the largest in the world, even with all the collapses it went through, such as widespread mortgage lending, low interest rates, lax government regulation, consumer indebtedness and excessive risk taking in the financial sector. All of these led to deep recession in 2008. Despite of the events from past, the economy of US is the most important in the world and dominates in the sphere of technology driven companies. As the population and GDP of US grows, Figure POS can assume fast growth also. Economic situation is now stabilising and that means much more investments.

Table 4: Selection of United States Economy Data (Source: United States Economy, 2018)

	2012	2014	2016
Population (million)	314	319	323
GDP per capita (USD)	51,386	54,502	57,436
Economic growth (GDP, annual variation in %)	2.	2.4	1.6
Exports (G&S, annual variation in %)	3.4	4.3	0.4
Imports (G&S, annual variation in %)	2.2	2.4	1.6
Inflation Rate (CPI, annual variation in %)	1.8	0.7	2.1
Public Debt (% of GDP)	102	104	108
Unemployment Rate	8.1	6.2	4.9

From the facts stated above we can assume rather positive development of the economic situation for industry and for the company. GDP is growing as well as population and the

unemployment rate is decreasing. This is an opportunity for Figure POS to get more financial resources from investors.

Social environment

US population is large and so are the differences between US people. The majority of the population has a liberal mindset, but with current global situation, the racial intolerance is becoming a serious danger. The US suffers from an aging population, which can cause an increase of unemployment and tax rates soon. Another huge problem is an illegal immigration, which is rising a potential of racial intolerance even more. However generally, the US education is considered as one of the best in the world together with the healthcare system (PESTLEanalysis Contributor, 2014).

Including all these factors and fact about growing population, we can assume that the demand for particular product will grow also. Therefore, Figure POS will have a growing number of customers in various industries and will gain new customer groups. I consider this as a positive fact which could lead to faster increase of customer base.

Technological environment

US is one of the global leaders in the sphere of innovation and technology. A famous region called Silicon Valley became an acronym for space full of IT engineers and scientists who try to change the world through new technology and innovation. US has also been supporting a development of areas such as nanotechnology, environmental technology and biotechnology (PESTLEanalysis Contributor, 2014).

All the above means a high volume of opportunities to establish a company with expertise in the mentioned fields. Therefore, Figure POS has a big chance to gain important investors and support from different organizations (national and private).

3.5.3 Competition analysis

In this chapter I would like to mention the main competitors of Figure POS, which I consider to be companies Square, Revel and talech. There is a very high rivalry among these companies since all of them provide basically almost the same set of features of the software. In this chapter I will also highlight the main advantage of each competitor and lastly I will try to investigate how the competition affects Figure POS.

Competitors

Figure POS is challenged by its competition, which is quite far ahead with the product development and customer acquisition. Companies introduced below are all providers of point-of-sale systems for US market and they all offer a software suitable for iPad devices. The biggest differences among these companies are the range of features of the software, and pricing solutions which vary according to targeted customer group (SMEs, larger companies).

❖ Square (see the figure n. 6)

Square is a company established in San Francisco, in USA. This company also has five other offices in different countries. Product is suitable for almost all industries and for small to large businesses. Square's product features are customized item management; receipt and tipping options; open tickets; real time inventory management; employee management; location management; square invoices; square marketing tool; customer directory; customer feedback management; loyalty program; gift cards; event rentals; advanced reporting.

Pricing of Square vary and company offers many solutions with or without purchase of a hardware. Software solely costs 2.5 % transaction rate. New product from Square called „Register” costs \$999 for fully integrated solution, including hardware (Square Inc., 2018).



Figure 6: Screenshot of Square product- software and brand stand (Source: Square Inc., 2018)

❖ **Revel (see the figure n. 7)**

Revel was established in 2010 in San Francisco in USA. Today this company has several offices across multiple continents. Revel's product is an iPad point-of-sale system specialized in businesses with multiple locations. It's targeted industries are restaurants and quick service businesses, but according to recent updates of the software, it can now fit almost any type of industry. Revel stands outside from competition thanks to its robust list of features, from which the most important are: real-time inventory, purchase order management, quick- books integration, till management, customer management, employee management, flexible ordering, kiosk pos, kitchen display system, digital menu board, intelligent reporting suite, safe and secure servers, multi/store functionality and loyalty program.

Revel's pricing varies a lot, because company offers industry-specific packages for a monthly subscription fee. This pricing is not stated on the company's website as the price is in the end calculated individually (Revel System Inc., 2018).



Figure 7: Screenshot of Revel product- software and brand stand (Source: Revel Inc., 2018)

❖ **talech (see the figure n. 8)**

Talech was founded in 2014 and currently is located in California, USA. This company targets restaurants and retailers from small to medium- sized businesses. The most relevant features of the product are: table layout; automatic gratuity; quest positions and coursing; split, resend and repeat orders; items voids and refunds; exchange and return receipt; automatic discounts; variable and fixed price discounts; multi-level taxes; offline mode; kiosk mode (guest mode); customer facing display (talech, 2018).

Pricing of Revel is very affordable and starts at \$44 per month, with the most limited options. The full package including all features is \$89 per month. Talech also offers to purchase hardware directly through its website, however its cost is separate (talech, 2018).

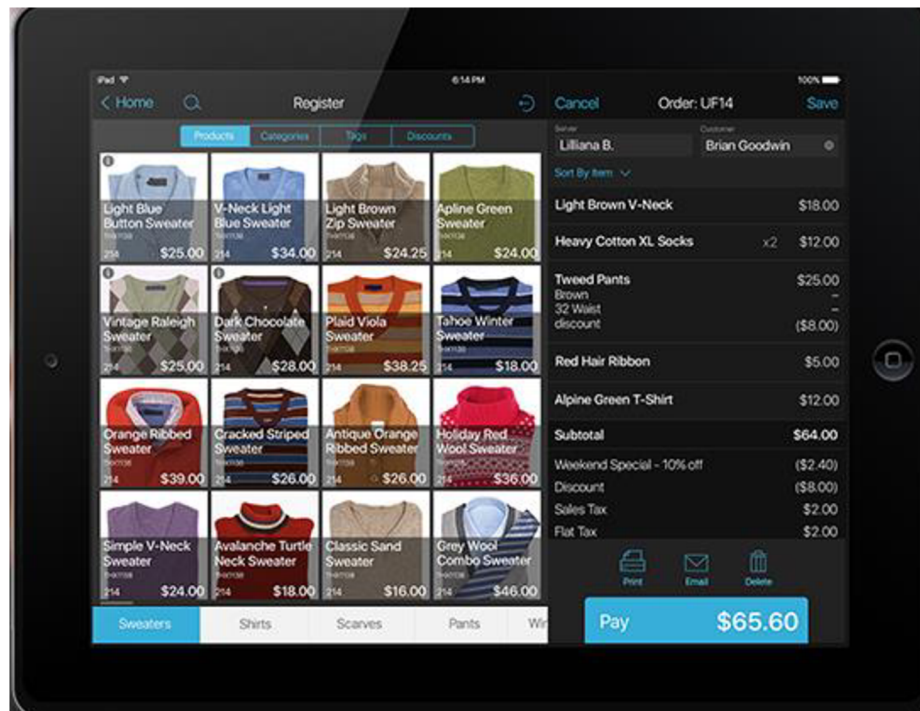


Figure 8: Screenshot of talech product- software (Source: Square Inc., 2018)

Competitive advantage

In the table n.5 there is listed a main advantage of each competitor. I consider these advantages as a unique property of particular company.

Table 5: Advantage of competitors (Source: Own adaptation with use of information from mentioned companies)

Name of company	Advantages
Square	The widest range of features, which constantly grows, and easy to use approach.
Revel	Company makes whole package of software and hardware together. Revel has great reputation and it is BBB accredited.
talech	Affordable price of the product compared to its features is the major decision-maker of talech customers.

When forming a competitive strategy, the essence is in relating a company to its environment. Porter created the five forces model which consists of:

- ❖ the bargaining power of suppliers,
- ❖ the bargaining power of customers,
- ❖ the intensity of industry competition,
- ❖ the ease of industry entry for new competitors,
- ❖ the availability of substitute products or services.

This five forces are based on the theory that if each of these forces increases, the potential of company to make profit lowers (Carr, Nanni, 2009, p. 43).

The bargaining power of suppliers

Suppliers of the cloud-based POS industry are the POS terminal manufacturers. For product Figure POS the scale of suppliers is specific. Figure POS application can be installed exclusively on iPads, produced by Apple Inc.. It means that the hardware supplier is solely only one company. In this case the supplier holds the power and controls over prices. For Figure POS it would be very expensive to switch suppliers, as its application would have to be redeveloped (to be usable on other hardware devices).

Suppliers of the rest of supplies, such as card readers or printers, do not have that much power. It is easy to switch suppliers, as there are many on the market. Customer can also individually choose the most satisfying supplier personally to them as well.

The bargaining power of buyers

As we are speaking about starting-up B2B company, every buyer is the key to growth. The customer portfolio contains small to middle businesses. Company cooperates with potential customers in order to develop a product, which will fulfil all their conditions and requests. If the product satisfies customers' needs, they will buy it and that is the crucial part. In other words, to satisfy the needs of pilot customers is crucial. At this early stage, buyers are much more powerful as there is a low number of them. The business approach to them is very individualistic.

The intensity of industry competition

The industry where Figure POS operates is very advanced and very competitive. Competitors are on the market usually for less than a decade, however they established solid customer base and found their stable position on the market. Competitors are quickly adopting new features into their products. As the technology evolves from day to day, competitors are rated and assessed by their ability to stay on the track. Figure POS needs to create strong sales strategy which can compete these strong companies and it also needs to state its competitive advantage.

The ease of industry entry for new competitors

As the industry is very attractive, it seems it can bring a lot of new entrants. On the other hand, the sector is secured by big amount of regulations and law restrictions which make at least a small barrier for new competition. Also apart from legislative, another barrier is gaining the trust from customers, which is in this sector especially difficult. However, even all of these facts do not stop new entrants from coming to the market and trying to compete current big players, as the most important skill needed to provide this kind of point-of-sale system is the ability to develop the software.

The availability of substitute products or services

There are many alternative products to Figure POS. Those that are using same advanced technology as Figure POS are stated above, but also those using older technology, such

as cash register devices or computer softwares. A big part of potential customers is still not willing to give up classic POS systems and they keep using them. These more traditional businesses can become a target group of customers for Figure POS, if the company is able to develop special approach to convince them about advantages of turning into the Figure POS technology and product.

3.6 Summary of analyses

In this chapter it is time to summarize all important outputs from the previous analyses. Now I am able to set the strengths, weaknesses, opportunities and threats of the company and product analysed.

Strengths of the company are:

- ❖ good expertise of founders,
- ❖ thorough product development,
- ❖ use of technology with potential,
- ❖ good customer service,
- ❖ international team (better conditions in case of expansion abroad).

Weaknesses can be defined as:

- ❖ small size of a team,
- ❖ weak conception of marketing/ no marketing activities on regular basis,
- ❖ no employee dedicated to marketing development,
- ❖ small customer base,
- ❖ lack of market research for expansion abroad,
- ❖ lack of capital for more massive client acquisition process,
- ❖ insufficient knowledge of potential customers.

Opportunities could be presented as:

- ❖ expansion to foreign markets,
- ❖ development of marketing department,

- ❖ new customers' groups (e.g. people who decide to switch to newer technology),
- ❖ wider range of app usage,
- ❖ possibility to discover unknown customers (unknown by competitors).

Threats that are challenging company are:

- ❖ new entrants and competitors,
- ❖ economic situation,
- ❖ slow development of the application,
- ❖ inability to meet the needs of customers.

It is visible that company is still young in the sense of product development compare to its competition, as well as of development of the business model. It needs to decide on many important points- such as a way of marketing strategy, definition of a customer profile or acquisition strategy. There is a big potential for the product as the market evolves quickly. The critical part is to acquire a solid number of first paying customers, which is for company so far hard to achieve. The key for a massive acquisition for Figure POS would be a definition of the competitive advantage.

Company has skilled team of professionals with high level of experience in tech development, as well as in the business development. If company decides to launch foreign markets, it would benefit from mixed international team. Big advantage of the company is also its focus on details in a matter of software development. On the other hand, company lacks broad market research and robust strategy, as well as business model that would convince more investors and customers. Because of low funds, company is slow in the product development. This also affects recruiting activities, which would speed up development as well.

Company could focus on discovering those customers, who were not approached by competition, which is absolutely possible as majority of them focuses on restaurants and hospitality services. Figure POS is also very unknown because of poor marketing which holds company back.

Company could be challenged by even more competitors coming to the market. Also worsening of economic situation would mean a big problem for company, if not even the

end. Last, but not least, a big threat is also inability to meet needs of customers or discover a unique advantage which could be offered to them. In this case Figure POS would never get to the level where the competitors, mentioned above, are now.

4 OWN RECOMMENDATIONS

After the theoretical background and analysis of real situation of the company, I am able to state recommendations to improve its position on the market. These recommendations will be related mainly to the product promotion and brand building.

4.1 Social Media presence

Nowadays, social media is a phenomenon that cannot be overlooked or underestimated. Social media marketing is an inseparable part of a brand promotion, especially for unknown and new companies, which are just at the beginning of creating a brand. It drives traffic to the company's website and engage with prospects.

Facebook offers many possibilities for marketing activities. Figure POS has its own Facebook page already, which was created together with other social media accounts by me during my employment in the company and during writing this thesis. According to researches, it is very important to start with content marketing on this platform, such as regular posting about current events and news from company. Facebook also allows companies to acquire paid advertisement in the numerous forms and offers its analytics which enable owner of the page to measure the results of each campaign path.

Other major social media such as Twitter and LinkedIn offer similar ways of promotion. Figure POS should concentrate besides Facebook also on marketing at LinkedIn platform as according to many researches it is one of the best social media platform for B2B companies.

During my employment in the company and at the same time during working on this thesis, I have created social media accounts for Figure POS across multiple social media channels, specifically:

- ❖ Facebook,
- ❖ LinkedIn,
- ❖ Google +,
- ❖ Twitter,
- ❖ Youtube,

❖ Instagram.

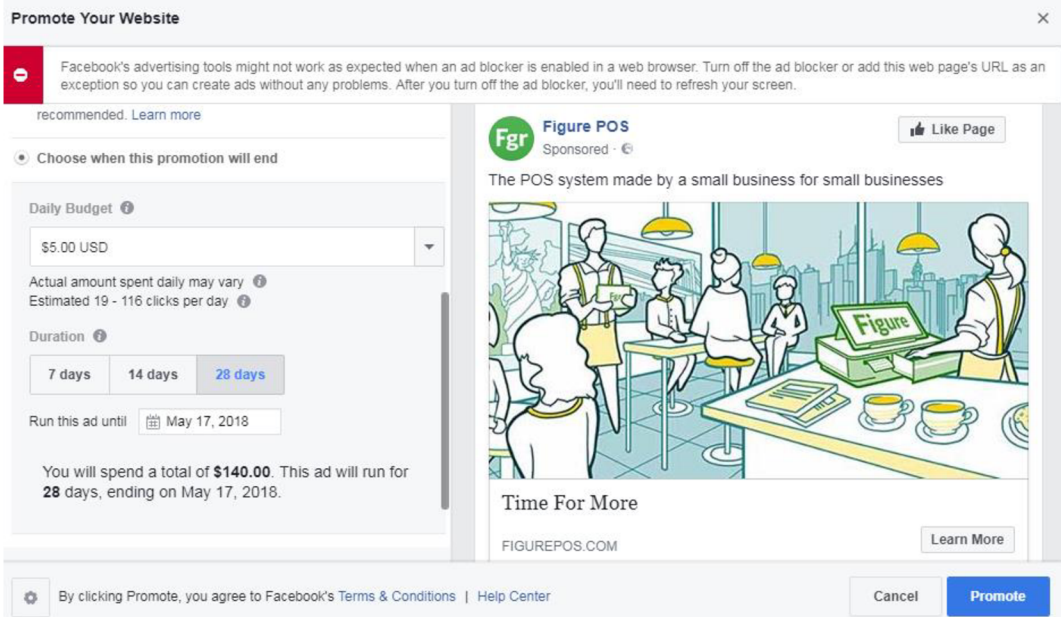
These accounts were created in a relation to strategy which was being developed back then. These channels are currently not used for promotion purposes by company. As a part of recommendations, I propose to start active presence firstly on Facebook.

4.1.1 Facebook campaign plan

My recommendation of social media presence is a Facebook campaign. This campaign includes promotion on Facebook and Instagram and aims to promote Figure POS website as well as encourage people to subscribe. This campaign should bring more clicks on the company's content and therefore raise brand awareness and generate new leads. This campaign is also tied to other recommendation- content marketing (explained in next chapter), which has an important role in successful promotion. In the table n.6, I calculated cost and potential reach of audience of the campaign if company would promote one post on Facebook, e.g. photo of product with call to action (based on Facebook's calculation).

Promotion on Facebook will include two campaigns- **promotion of website on Facebook and Instagram** and **promotion to encourage people to subscribe**. Both campaigns will run for 28 days which I consider as an optimal period to decide whether it is working as expected or any optimization is needed. This plan should bring **30-182 clicks per day** from audience chosen by preferences of company. The budget was set by me and it would cost **\$224 in total**. I consider this amount as reasonable, because it is a first campaign on Facebook. Once it is over, company will be able to analyse results and decide whether it was successful and company should continue with promotion on this channel or it should be optimized or even stopped.

Table 6: Facebook campaign plan (Source: Own adaptation from Facebook, 2018)

1	Promotion of website on Facebook and Instagram
	
<p>Figure 9: Screenshot of proposal of Promotion of website on Facebook and Instagram (Source: Facebook, 2018)</p>	

2	Promotion to encourage people to subscribe
	
<p>Figure 10: Screenshot of proposal of Promotion to encourage people to subscribe (Source: Facebook, 2018)</p>	

Cost structure		
	1	2
Daily	\$3	\$5
Monthly	\$140	\$84
Estimated clicks per day	19-116	11-66
Total cost of promotion of one post on Facebook per month: \$224		

Explanation of budget set by me:

I would like to provide an explanation of the cost structure of this campaign (summarized in the table n.7). I would like to stress out that this calculation together with calculations for further campaigns are only my assumptions, because I do not have needed historical data from the company as this would be their first marketing campaign of this type. Therefore, I provide these tentative calculations which can offer at least a small picture of the campaign results. The average customer spends monthly \$40. The customer lifetime value is \$160, as I consider 4 months as an average length of relationship with customer. From this number I think that company is able to spend \$15 to acquire one customer through this campaign. Therefore, from the calculation of total cost of campaign \$224, company can acquire approximately **14 new customers** by this campaign in the month. If this number is reached, company can consider this campaign as successful and continue with advertising on the platform (Uhuru Network, 2018).

Table 7: Assumption of Facebook campaign results (Source: Own adaptation from Uhuru network, 2018)

Total cost of campaign	\$224 (1 month)
Customer lifetime value	\$160 (4 months*\$40 monthly payment)
Customer acquisition cost	\$15
Number of acquired customers	14 (\$224/ \$15)

4.2 Content marketing

Content marketing can bring a lot of attention- good but also a bad one. It is important to provide valuable, consistent and relevant content to the right and defined audience.

Nowadays, a big trend is blogging. It is a good way to attract quality audience through carefully picked topics speaking about actual events in the industry while still tied to the product itself, directing audience to idea about purchasing the product. Quality content educates consumers, while quietly gets their loyalty and interest.

Figure POS can acquire a big number of a long-term customers through content marketing (e.g. industry blogging) combined with SEO and social media marketing.

4.2.1 Content marketing campaign plan

As I said before, social media and content marketing are bonded. If company chooses to promote on Facebook, it is very important to promote content of a good quality. It is also important to set goals of the campaign to be able to measure its results.

I chose these **goals**:

- ❖ growth of brand awareness,
- ❖ reach of wider audience,
- ❖ lead the traffic to company's website,
- ❖ call to action: to purchase the product,
- ❖ build regular and referring audience.

In the table n.8 I calculated costs to make a content for one month. This plan includes 5 weekly posts and 1 premium monthly post. I consider this amount of content as optimal to achieve the set of goals above. If the company is able to manage content by editing by themselves, the cost of content editor's salary could be excluded.

Table 8: Content plan and cost calculation for one month (Source: Own adaptation from Kapost, 2012, p. 9)

Categories	5 weekly posts	1 premium monthly piece
Description	blog posts, interviews, media announcements, short videos, podcasts	professional video, infographic, eBook
Cost calculation for one month (four weeks)		
Copywriting	\$3000 per month (\$150 per post)	\$2500 per premium monthly piece
Site design and video editing	\$2000 per month	
Content editor salary	\$2500 per month	
Total cost \$10000		

I also offer a showcase of article topics, which could be used for blog:

- ❖ „Why your business needs to do reporting?”
- ❖ „Tips to make your customer happy for paying you. Rewards, discounts and more...”
- ❖ „How to save money on taxes from sales?”
- ❖ „Why is customer management so important?”
- ❖ „How to make employee management easier and quicker for business owner?”

Explanation of budget set by me:

As I do not have any historical data from content marketing of the company, because this would be their first campaign of this kind, I can provide only assumed calculation of how successful it can be (see the table n.9).

I assume that the content plan can monthly bring 5000 visits to the website. The campaign will run for 1 month (1 month of intense content marketing), but company will measure the results after 3 months. In combination with SEO and Facebook campaign I think the

campaign can target more specific audience than usually and therefore, I will set the conversion ratio to leads on 12% and that is $0.12 \times (5000 \times 3) = 1800$ leads. The number of acquired customers I will get from calculation of conversion ratio to paid customers, which could be according to my experience and knowledge 20%. Therefore, $0.2 \times 1800 =$ **360 acquired customers in three months**. This would mean that the cost of acquisition per customer is \$27.7, which I consider as reasonable cost for the number of acquired customers and also for the type of campaign- content marketing can generate customers even after long time without further investments. I also need to mention that in content marketing campaign, it is hard to predict the results, because it has rather long-term value. Therefore, all my calculations are based on other researches and my assumptions (Uhuru Network, 2018).

Table 9: Assumption of content marketing campaign results (Source: Own adaptation from Uhuru Network, 2018)

Total cost of campaign	\$10000
Visits of website in total (3 months)	15000 visits (5000 visits/ month)
Customer lifetime value	\$160 (4 months*\$40 monthly payment)
Conversion ratio to leads	12% $\rightarrow 0.12 \times 15000 = 1800$ leads
Conversion ratio to paid customers	20% $\rightarrow 0.2 \times 1800 = 360$ paid customers
Customer acquisition cost	$\$10000 / 360 = \27.7

4.1 Search Engine Marketing, Search Engine Optimization

SEO is an organic way of getting traffic from search results on search engines and it is a part of SEM. This could mean that one cannot influence this free and natural process, however the opposite is true. By understanding the algorithms of search engines and the system as a whole is key to increase traffic to company's website basically for free. Figure POS needs to focus on the right combination of keywords used on search engine and also stay up-to-date with quickly changing algorithms. With this approach the product will get the right and quality attention.

SEM is a paid form of marketing related to promotion on search engines, including SEO. Process is that company pays for ads on search engines, which helps to get more traffic to company's website. Figure POS should focus on advertising through Google AdWords, which are known as one the most popular tool. Right keywords are very important to be thought through and usually more general keywords are more expensive - because the competition use them as well. Therefore, it is better to be creative and find targeting, but yet original keywords. When creating keywords, it is important to try to think from the user's point of view. Keywords should be a mix of specific terms to target customers and also general words to reach more audience.

4.1.1 Google AdWords campaign plan

I prepared a recommendation of Google AdWords campaign to do better targeting of audience. For this campaign I chose to target all citizens of New York and also of whole US. I chose to use Search Network, to appear the ad on search engine as a result of search and also Display Network to show the ad on partner sites of Google (see the figure n. 11).

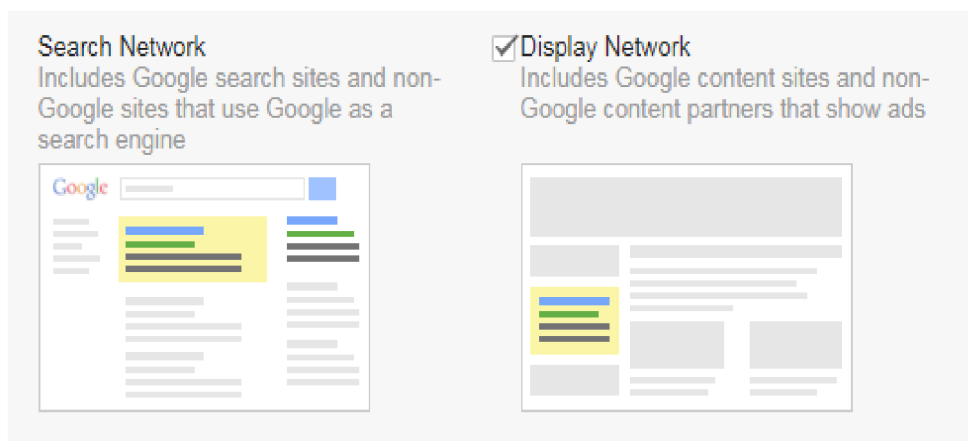


Figure 11: Networks which display the ad (Source: Google, 2018)

I prepared a set of keywords which I consider as targeting and which were rated by Google as potentially able to reach high number of users. These keywords are:

- ❖ pos for small businesses,
- ❖ cloud-based pos,
- ❖ pos for restaurants,
- ❖ pos for iPad,

- ❖ cash register pos,
- ❖ point of sale software,
- ❖ pos software.

On the figure n. 12 I attach a screenshot from campaign setting on the Google site, which shows all the described information and details.

1 About your business — 2 Your first campaign — 3 Payment

Your first campaign

A **campaign** focuses on a theme or a group of products. To create a campaign, you'll set a budget, choose your audience and write your ad. Bear in mind that you won't be charged for selecting options, and you can always make changes later.

- Decide how much to spend

Your budget	\$20.00 per day	
-------------	-----------------	--
- Choose a target audience

Locations	New York, United States; United States	
Networks	Search Network, Display Network	
Keywords	<div style="display: flex; gap: 5px;"> <div>pos for small businesses</div> <div>cloud-based pos</div> <div>pos for restaurants</div> <div>pos for ipad</div> <div>cash register pos</div> <div>point of sale software</div> <div>pos software</div> </div>	
- Set your bid

Bid	AdWords automatically sets your bids to help you get as many clicks as possible within your budget.	
-----	---	--
- Write your ad

Text ad	<div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 5px;"> <p>Figure POS - Best Cloud-Based POS for you</p> <p> www.figurepos.com</p> </div> <p>The POS System Made By A Small Business For Small Businesses. Time For More.</p>	
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Figure 12: Screenshot of setting the Google AdWords campaign (Source: Google, 2018)

This tool also predicts a potential daily reach of 16 or more clicks and 1000 or more impressions. This calculation is based on the set of criteria chosen by me, including automatic bids. I set **daily budget on \$20**, which means that **monthly cost would be**

\$560. This campaign's main benefit is leading the traffic to website which raises brand awareness, generates new leads and brings new customers.

Explanation of budget set by me (summarized in the table n.10):

I will assume that campaign brings approximately 448 clicks to the website and 28000 impressions in one month. It is very hard to predict the conversion through impressions, so I will count only the success of clicks, but then it is possible, that in practical terms the number of acquired customers would be higher. I will set the conversion ratio to leads on 10%, which would be than 44 leads. From this number I will derive conversion ratio to paid customers, which I set on 15 % and that is **6 acquired customers** in one month. The customer acquisition cost would then be $\$560 / 6 = \93 . This number might seem too high, but I would recommend to test the campaign for one month and evaluate results as I suppose real conversion could be higher.

Table 10: Assumption of Google AdWords campaign results (Source: Own adaptation based on my assumptions)

Total cost of the campaign	\$560 for one month
Customer lifetime value	\$160 (4 months*\$40 monthly payment)
Conversion ratio to leads	10% → $0,1 * 448 = 44$ leads
Conversion ratio to paid customers	15% → $0,15 * 44 = 6$ acquired customers
Customer acquisition cost	$\$560 / 6 = \93

4.2 Personal „walk-ins”

Company’s target are small business owners and therefore personal meetings are one of the most powerful ways how to gain awareness and trust of customers. Face-to-face meetings make selling more serious and company gets a bigger chance to answer particular uncertainties and questions of potential customers.

Figure POS can do walk-ins to targeted businesses chosen in advance. Representative of a company would bring company’s promotional material with all important information about the product. Discussion between representative and customer shows the company’s main strengths and increase customer’s attention. By this way, customer gets educated and informed and therefore is encouraged to buy the product or at least share it with acquaintances, which is another powerful method of marketing.

4.2.1 Walk-ins campaign plan

My proposal consists of preparation of promotional materials, selection of targeted businesses to visit and finally of personal visit. For this proposal I have prepared designed leaflet and business card to be used by sales representative (see figures n. 13 and n. 14). On these designs I have cooperated with my friend, who designed materials according to my requests.

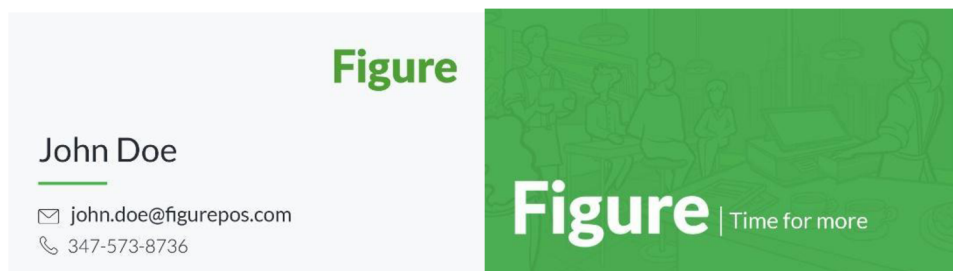


Figure 13: Front and back side of design of business card (Source: Šutovský based on my basis of concept, 2018)

Figure | Time for more

Figure is a cloud-based point-of-sale system that makes managing your business easier.

- ✓ Run your shop the way you want, keep in touch with your customers
- 📊 Make data-informed decisions for your business
- ☁ Best of all, you can do it anywhere, anytime



Reliable POS

Accept cash and card, email or print receipts, collect digital signatures, even accept secure payments when the POS is offline. Take payments the way you want.

Robust Reporting

Understand and control your business with reporting on one or across many locations. Track your sales, best selling items, and most profitable channels.

Customization

Customize your menu and settings so you can run your shop the way you want.

Customer Data

Profile for every customer. Identify your regulars and biggest spenders. Target and grow your customer base.

Employee Management

Streamlined clock-in and clock-out, timesheets, role and access management.

On the Cloud

Manage your business anytime, anywhere. Enjoy peace of mind when you are away.

Pricing

- ✓ Simple and straightforward. No silver, gold, and platinum plans here.
- ✓ Accept payments from **Visa, Mastercard, Discover, and American Express**
- ✓ Increase the number of terminals as you need them, decrease them when you don't. Control how much you pay every month.
- ✓ No hidden fees. No contract required.

Per month

\$40 for first terminal + \$20 for each additional terminal

+

Per Transaction

+\$0.05 + 0.05% Interchange plus pricing*

* Interchange fees are set between the card issuer and the issuing bank.

✉ Contact us at: sales@figurepos.com

Figure 14: Design of promotional leaflet (Source: Šutovský based on my basis of concept, 2018)

In the table n. 11 below I summarize total costs related to walk-ins, where the most significant part is the design and print of promotional material. This cost is calculated for 500 pieces of each type of material printed in standard quality. I do not include a cost of salary for sales representative as I assume that the personal visits would be ideally done by one of the co-founders.

Table 11: Cost structure of promotional material (Source: Vistaprint, 2018)

Design of promotional material	\$150 \$100 (leaflet) + \$50 (business card)
Print of promotional material 500 pc. of each type	\$80 \$60 (500 leaflets) + \$20 (500 business cards)
Total cost	\$230

Explanation of budget set by me:

Again, I will try to provide a tentative calculation of potential success of this campaign (summarized in the table n.12). I will assume, that for purpose of this calculation, the company would visit 100 businesses. In this type of marketing activity, I would assume that the conversion rate to leads will be larger than to paid customers, as a lot of businesses might like the product, but would not be willing to swap their current system. I will assume 50% conversion ratio to leads, which creates a number of 50 leads. Next, we need to calculate conversion ratio to paid customers, which I will consider 20% and that makes acquisition of **10 new customers**. The customer acquisition cost is then \$23, which I consider as very positive.

Table 12: Assumption of walk-ins campaign results (Source: Own adaptation based on my assumptions)

Total cost of campaign	\$230
Number of visits	100 businesses
Customer lifetime value	\$160 (4 months*\$40 monthly payment)
Conversion ratio to leads	50% → $0,5 * 100 = 50$ leads
Conversion ratio to paid customers	20% → $0,2 * 50 = 10$ paid customers
Customer acquisition cost	\$23

4.3 Presence on the industry related event

Attendance on the events and trade shows related to the company's industry are a great way to increase brand awareness and helps to generate new leads. Company's representatives meet with other subjects with similar interests and make priceless networks.

Different events target different objectives. Whereas industry events and trade shows are more helpful to generate new leads, network meetings are intended to build relationships. Figure POS should attend local industry events in order to introduce its brand and make it visible as much as possible. For company in the early stage is also important to gain quality contacts and build a network. For serious appearance it is important that the company founders would attend this events. Attendance on this kind of events also means pre- and post- activities. Before attending it is important to promote this activity across social media, so it can attract people to be present there. After the event, it is important to follow up with gained contacts, so they don't forget about the brand.

4.3.1 Trade show campaign plan

I recommend company to attend a big trade show in New York called NRF 2019 Retail's Big show, details are stated in the table n.13. This event is focused on promotion of new retail trends and brings together companies from whole world. Company can benefit from this event by:

- ❖ raising its brand awareness,
- ❖ educating audience about product,
- ❖ networking,
- ❖ promotion of the presence on the event on social media,
- ❖ generating leads.

Table 13: Information about trade show (Own adaptation from National Retail Federation, 2018)

Event	NRF 2019 RETAIL'S BIG SHOW
Date	January 13-15, 2019
Place	Jacob K. Javits Convention center, New York, USA

In the table n.14 you can see cost structure for the trade show NRF 2019. The costs are divided into the groups: exhibit- related costs, such as rental of a floor space and design of the exhibit (42%), service costs including logistics and infrastructure (10%), promotional costs covering promotional material (20%), staffing costs including travel and accommodation of the staff (21%), and lastly a reserve to cover unexpected costs (7%). Total cost of the attendance on the event would be then \$8450.

Table 14: Cost structure of trade show (Source: Symonds, 2014)

Cost structure	% of budget	Description	Price
Exhibit-related costs	30 %	Rental of a floor space	\$2500/ 100 square feet
	12 %	Designing of an exhibit	\$1000
	Includes: Exhibition stand, banners, event furniture		
Service costs	10 %	Logistics & Infrastructure	\$850
Promotional costs	20 %	Promotional material	\$1700
	Includes: Brochures, branded gifts, accessories and business cards		

Staffing costs	21 %	Travel & Accommodation	\$1800
Reserve	7 %	Hidden/unexpected costs	\$600
Total cost			\$8450

Explanation of budget set by me:

According to research from Center for Exhibition Industry Research the cost of making first face-to-face contact with a potential customer through an exhibition lead is \$96 (compared to \$1039 without) (Trade Show Executive,2014, p.66). Therefore, I consider a careful preparation and participation on the event as very important in an effort to increase profit and acquire customers. I will assume that company will generate 1000 leads on this event (see the table n.15). Therefore, thanks to this event the company could make a conversion ratio to paid customers from leads by 12%, which would create 120 paid customers from this event. The customer acquisition cost would then be \$83.

Table 15: Assumption of tradeshow campaign results (Source: Own adaption from Trade Show Executive,2014, p.66)

Total cost of the campaign	\$8450
Cost per lead	\$96
Customer lifetime value	\$160 (4 months*\$40 monthly payment)
Number of generated leads	1000 leads
Conversion ratio to paid customers	12% → 0,12*1000 = 120 paid customers
Customer acquisition cost	\$83

4.4 Total cost evaluation

In this part I summarize costs of all activities which I proposed above. Costs are either one-time or calculated for one month. All the costs were calculated based on information

provided by independent companies, my own observations, assumptions and general knowledge.

Table 16: Total cost evaluation (Source: Own adaptation)

Type of campaign	Cost	Type of cost
Facebook campaign	\$224	1 month
Content marketing campaign	\$10000	1 month
Google AdWords campaign	\$560	1 month
Personal sales	\$230	1 time
Trade show	\$8450	1 time
Total cost	\$19464	
Customer lifetime value	\$160 (4 months' relationship with customer * \$40 monthly payment)	
Total assumed acquired customers	510	
Total customer acquisition cost per customer	\$38,2 (\$19464 / 510)	

In accordance to all positive results, which are these campaigns supposed to bring, I consider this cost calculation as executable. From the sub-chapters above describing each of the proposed campaigns, the total cost of all campaigns is \$19464 (see the table n. 16). I can calculate the final number of assumed acquired customers, which is 510. The average customer acquisition cost would be approximately \$38.2, which is according to customer lifetime value of \$160 a good ratio. As I stated before, I am not able to gather and analyse historical data from the company, which could serve as a background for budgeting of my proposals, because company does not hold any marketing historical data yet. I can only assume the results. I tried to do as much research as possible to provide numbers which are close to real scenario.

SUMMARY

The purpose of this thesis was to create appropriate proposal of marketing mix strongly tied to customer acquisition. My sources of information were my personal observation, theoretical literature search and analysis of the chosen company. For this thesis I chose a company called Figure POS, which was established in 2015 and operates on B2B market.

The first part of the thesis is dedicated to theoretical background, which provides general knowledge to understand marketing and its tools. In this part I explained principles of marketing, specifics of new product development and marketing communication related to this segment.

In the analytical part I started with basic characteristics of this company and its marketing mix. I continued by analysing competition and its impact. Lastly I summarized all analysed data to find out strengths, weaknesses, opportunities and threats. I found out that the company basically needs to get to know its customer and starts marketing activities on regular basis.

The last part provides a set of recommendations related to marketing efforts of Figure POS company. I propose to start active and regular presence on social media channels, which are statistically mostly used by targeted customer group. While I worked at the company I established several accounts on social media, however there was no more activity taken by the company. Therefore, I proposed to start a marketing campaign on Facebook and I calculated its cost and the potential audience reached during one month of this campaign.

Another recommendation was focused on content marketing as today's trend is industry blogging. In my proposal I provide a content plan including recommended amount and types of content for one week and cost structure to cover one month of this campaign. I also prepared proposals of topics for blog articles.

My next recommendation is to start to use SEM and SEO. I proposed to establish a campaign on Google AdWords to target audience on search engines. In this proposal I provide a set of targeting keywords, again related with monthly cost calculation of this campaign.

As the company is currently building its customer base, it is important to identify them and their needs as precisely as possible. To achieve this goal, I suggested to organise individual interviews with potential customers and to introduce the product to them. This part shows a design of promotional materials, such as leaflet and business card, together with cost of printing.

My last recommendation is a presence at the Retail Trade Show event which takes place in New York every year and allows worldwide retailers to present new trends to many big or mid-sized companies. I provided basic characteristics of this event as well as cost calculation of this significant marketing activity.

The main aim of this thesis was to cover issues of creating marketing strategies of a company in an early stage of development. The success of a company and its profit making depend on its ability to seduce and keep its customers thanks to the quality products as well as quality marketing. According to highly competitive market, a company needs to focus on building its own brand awareness and getting to know its potential customers. As Scott Belsky wrote (2010): „*It is not about ideas, it's about making ideas happen.*“

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LIST OF SHORTCUTS AND SYMBOLS

CPI - Consumer price index

G&S - Goods and services

GDP - Gross Domestic Product

NFC - near-field connection

NRF- National Retail Federation

PCI DSS- The Payment Card Industry Data Security Standard

POS - Point of sale system

SaaS – Software as a Service

SEO – Search Engine Optimization

SEM – Search Engine Marketing

SME- small and medium-sized enterprise

US - United States of America

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Attachment 1: Timeline of thesis preparation

Attachment 1: Timeline of thesis preparation (Own adaptation)



- 1. Beginning of employment in Figure POS
- 2. Thesis theoretical part preparation
- 3. Thesis analytical part preparation

- 4. Own recommendations part of thesis
- 5. Polishing and finalizing thesis
- 6. Consulting with thesis supervisor and chosen company