

Czech University of Life Sciences Prague
Faculty of Economics and Management
Department of Management



**A Competitive Position and Marketing Strategy of
„Mlékárna kunín a.s.“**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Iuliia Kasianova

Economics Policy and Administration
Business Administration

Thesis title

A Competitive Position and Marketing Strategy of „Mlékárna Kunín a.s“.

Objectives of thesis

The objective of the thesis is to formulate, based on the research findings, a conceptual proposal of improvements in marketing programs of the given company to achieve a better competitive position.

Methodology

The thesis will consist of two parts. The first part will provide the elementary theoretical overview, which should deal with the company competitiveness and marketing strategy theory, including principles, models, and evaluation regarding the food producer.

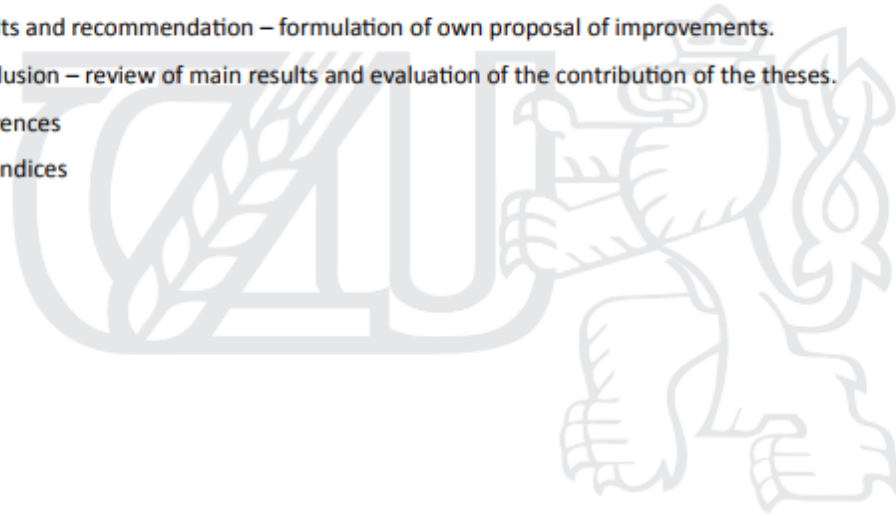
The theoretical part of the thesis will be based on the critical review of the information gained from the study and the comparison of relevant resources—mainly books and articles from academic or professional journals.

The fundamental, empiric part will be focused on the specific company in a given industry from the competitiveness and marketing perspective. Data for the empiric part will be gained using appropriate data collection techniques, e.g. observation, interviews, or questionnaires. Based on the research, the relevant conclusions of the thesis must be drawn.

Recommended structure of the thesis:

1. Introduction – an explanation of the topic importance.
2. Thesis objectives and methodology – the main objective of the thesis will be divided into partial objectives based on the knowledge gained from the study of marketing theory. The methodology chapter will explain appropriate data collection and processing methods in detail.
3. Literature review – a critical review of current competitive analysis and marketing strategy knowledge, its specifics, classification, principles, and tools. The specifics of the dairy products industry will be studied.

-
4. Specification of the selected subject – description of the selected subject, its environment, and market specification.
 5. Practical part – analysis of data gained from own research according to the methodology.
 6. Results and recommendation – formulation of own proposal of improvements.
 7. Conclusion – review of main results and evaluation of the contribution of the theses.
 8. References
 9. Appendices



The proposed extent of the thesis

30-40 pages

Keywords

competitive analysis, dairy industry, marketing strategy

Recommended information sources

- Journal of marketing. Menasha: American Marketing Association. 1936-present. ISSN 0022-2429.
Journal of marketing research. Menasha: American Marketing Association. 1964-present. ISSN 0022-2437.
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KOTLER, Philip; KARTAJAYA, Hermawan, SETIAWAN, Ilwan. 2010. Marketing 3.0: from products to customers to the human spirit. Hoboken, N.J.: Wiley, ISBN 978-0-470-59882-5.
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RUST, Roland T. a Anthony J. ZAHORIK, 1993. Customer satisfaction, customer retention, and market share. Journal of Retailing [online]. 69(2), 193-215 [cit. 2018-10-13]. DOI: 10.1016/0022-4359(93)90003-2. ISSN 00224359. Dostupné z: <https://linkinghub.elsevier.com/retrieve/pii/0022435993900032>
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Declaration

I declare that I have worked on my bachelor thesis titled “A Competitive Position and Marketing Strategy of “Mlékárna Kunin a.s.”” 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 any copyrights.

In Prague on 15.03.22

Name _____

Acknowledgment

I would like to say the heartiest thanks to Ing. Lenka Platilová Vorlíčková for her trust in me and all the provided help and advice. I am also thankful to my parents who supported me for the past 3 years.

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A Competitive Position and Marketing Strategy of „Mlékárna kunín a.s.“

Abstract:

The bachelor thesis represents the topic of “A competitive Analysis of Kunin and Madeta companies and their marketing strategies “. The given topic will show how Marketing Mix and Marketing Strategy influence an overall profit of the company, another words, who of these two is better off on the market place for dairy products. The author also includes different sources which helped better understand how marketing mix can impact companies “sales and marketing channels”. In addition, the competitive analysis to consider the information retrieved from producer’s websites and will be judged by the annual price development and promotion strategy as well as advertisement strategies. SWOT analysis is introduced for the Mlékárna kunín a.s company, in the conclusion part.

Key words: Competitiveness, Marketing Mix, marketing strategy, price, SWOT analysis.

Konkurenční analýza společností „Madena “ a „Mlekárna kunín“ a jejich marketingová strategie.

Souhrn

Bakalářská práce představuje téma „Konkurenční analýza společností Kunín a Madeta a jejich marketingových strategií“. Dané téma ukáže, jak Marketingový mix a marketingová strategie ovlivňují celkový zisk společnosti, jinak řečeno, kdo z těchto dvou je na tom lépe na trhu mléčných výrobků. Autor také uvádí různé zdroje, které pomohly lépe pochopit, jak může marketingový mix ovlivnit „prodejní a marketingové kanály“ společností. Kromě toho bude konkurenční analýza zohledňovat informace získané z webových stránek výrobce a bude posuzována podle ročního vývoje cen a strategie propagace a také reklamních strategií. V závěrečné části je uvedena SWOT analýza pro společnost Mlékárna kunín as.

Klíčová slova: Konkurenceschopnost, Marketingový mix, marketingová strategie, cena, SWOT analýza.

1.Introduction

There is no such company in the world that exists alone on the marketplace. There is, and always will be, a competitive environment to an extent where companies would have to agree on common terms and conditions, since competitors can make your business more successful, due to competitiveness and marketing strategies.

Today's economic environment actively demonstrates that any business or a successful company is focused on their consumers. Because of that, that circumstance changes reality of companies itself, companies and businesses need to adopt accordingly. This factors such as, units of products, shifts towards concept, product portfolio range, segmentation criteria and extra. Thus, the main goal of that, is a consumer satisfaction and creation of competitive advantage for the company (Megdonald, M & Danbar I.2003, pp. 21-25).

The author thinks competitiveness motivates business to operate smoothly. Obviously, all business fields in the world are mostly focused on the profit and the end of the accounting years. In order to get as much profit as possibly can, companies have to take into consideration so many internal and external factors to obtain such a goal. Those factors are enormously relevant to consider, and that's why this was the main interest for the author to discover such a topic. The author is focusing on different literature reviews, papers and methods and also, the author used the knowledge gained during my studies at ČZU University, Department of Economics and Management.

Marketing strategy can be understood as the promotional aspect or management of resources, sales, and the marketing actions of the organization delivered with the right intentions and adopted to the customers 'desires and needs. Consumer's satisfaction is one of the most intensively studied concepts of marketing services. Different products are sold differently, either throughout the social media, such as (Instagram, Facebook, YouTube and extra) or personal sales so-called "direct sales" or printed marketing tools. Anyhow, the relevance of marketing segmentation and marketing strategy are enormously relevant for every business aspect.

Since the thesis is divided into two parts, the first part will be dedicated to the theoretical concept of Marketing Strategy and Marketing Mix. The author plans to disclose a general information about both Dairy product companies so the reader has a clearer picture of the thesis.

The second part is dedicated to more of a detailed description of my thesis. The author will analyze the Financial Statements and Balance Sheets of both companies and apply Marketing Mix and Marketing Strategy for both as well.

2. Objectives and Methodology

2.1 Objectives

The goal of the bachelor thesis is to analyze and define the Marketing Strategy of a dairy company in Czech Republic “Mlékárna Kunín, a.s.”. The company uses different strategies to promote its business and production, the objective is to define target segments that companies focus on. Since its core field is to produce dairy products, the author objective is to define how it deals with the competitive environment and still wins most of the market share in Czech Republic.

2.2 Methodology I need to analyse to get

The Bachelor thesis is divided into two parts: theoretical and practical. Theoretical part is based on descriptions of Marketing Mix, SWOT analysis and Marketing strategy theory, whereas particularly, the basic meaning of marketing mix and marketing strategy is written in the theoretical part, with the help of different literature reviews and theories.

The practical part is based on the theoretical part, all the mentioned analysis and theories are applied within the practical framework. The author introduces a company first and its basic characteristics. The author will be focusing on price strategy and its comparison, distribution channels and product portfolio of the company, the basics of 4P’s of Marketing Mix as the main tools. However, in order to analyse the competitiveness of the mentioned company, the author also explains the following factors (LETS)

- Legislative factors
- Economic factors
- Technological factors
- Social factors

The author takes the following criteria as for the main analysis and comparison, which is based on Jerome McCarthy – 4P’s criterion.

- Product Portfolio

Product portfolio is a range of products that company has a main focus on, especially on production. Hence it is a dairy company that author is about to analyze, the product portfolio will

consist of: Milk, yoghurts, sour – creams and sweet – rice. Each unit is described and demonstrated in the practical part.

- Price

Price is a vital part of any production line, hence the price development is analyzed for the past 4 years, for different product portfolio. However, the author considers forecasting the price development of all dairy products by the following formula on the base of the Euromonitor International database.

The forecasted values are calculated on the based on: Sales of the origin year (2020) * (Market share change (%) + Annual market price change per segment (%) + Sales of the origin year of (2020)).

- Place

For this criterion, the author has gathered the data, with what retailers and supermarket-chains the “Mlekarna Kunin a.s.” has contract to see whether it covers all the retailing shops and chains in the Czech Republic. Each name of retailing shop and chain was counted to show the numbers, where eventually, the products of “Mlekarna Kunin a.s.” might be available.

- Promotion

Promotion implies different marketing strategies that are set to generate more sales. As the promotion, the author considers to analyse the promotional tools such as: Advertising, direct sales and exc.

3 Literature review

This whole chapter is dedicated to the theoretical background and overview of Marketing Mix and Marketing Strategy. To start off, I decided with a slight description of competition and how it is used by companies. I want to show a few strategies that can be used in terms of inferior and superior cases, and the author can confidently claim that this part helps the author to analyze the Practical framework of the thesis.

3.1 Marketing Analysis Tools

Maksimovic (2011) and Kleinschmidt (1991) have come to a point where they describe competitiveness as an ability and capability of a company to create products and services successfully and then sell them on the domestic and international market, to position themselves on the market and achieve a certain level of success in a competitive battle.

Shanley (2000) claims that main task of management based on competitive criteria, is to define the right allocation of activities, based on the previous example of the same proliferation of the company. Another words, he explains, that you would not sell ice cream in Sweden at -35*, because there is no demand for it, rather will you sell a hot tea. Which makes total sense for me.

Michael E. Porter, who found five forces analysis, explained the following linkage between the rivals of competition:

- New entrants
- Substitutes
- Buyers
- Suppliers
- Competitors

Power of all these aspects, when mixed together, determine the profitability potentials of industry and also differences between industries based on the profit. The strongest competitive powers will determine the profitability of industry. Stronger neutralization of competitive powers provides better opportunities for company that initially creates a lasting and sustainable competitive advantage (Porter, 1987).

Scholes (2000) concluded “*As a general rule, the stronger the competitive forces, the lower profitability within that marketplace.*”. They claim that it is not enough to just sell a product and satisfy

customer's needs and wants, companies must be way more proactive in M&E's projects, where a mix of two or even three concepts, can bring one valuable and profitable product. According to Magretta (2012): competitiveness can be divided into three different groups:

- Country competitiveness – mostly focuses to maintain and increase its profits within a certain area or state, main target group are citizens of that state.
- Industry competitiveness – more competitive industry demonstrates in more benefits for the company, analysis of such competitiveness is done according to the five forces by (Porter, 1987).
- Firm competitiveness – ability of a company to offer more products and services within a certain market and match the expectations and desired outcome of that market, based on the price and quality, done by (Ajitabh, 2008).

Moreover Kotler (2014) states, that the perception and analyzation of our competitors is the key on how to be successful in any marketplace. He states, that planning of any objective on behalf of organization should be tightly linked with knowing your competitor's strategy, based on that, an organization that runs such an analyzation has eventually competitive advantage.

Shanley (2000) stated that there are two types of competitive advantage, lower cost and differentiation. Competitive advantage is based on either equal offer of value to customer with lower costs or by offering a` higher quality with average industrial costs. (Table 1). According to him, competitive advantage exists only when company is:

- Offering better goods and services in comparison to its price
- Owning a valuable physical asset (Investments in infrastructures)
- Stronger human resources (Gary, R.C. et.all. 2014).
- More successful than competitors in terms of attraction actions, and marketing of products are more superior.

Figure 1: Competitive advantage of a firm

		Relative costs position	
		Inferior	Superior
Relative differentiation position	Superior	Differentiation advantage	Differentiation and cost advantage
	Inferior	Without advantage	advantage of lower costs

Source: Shank & Govindorajan, 1993.

Cost and differentiation advantages are rare things that could only exist in special cases. It's hard to achieve in the long run because competitors sooner will be better-off, and eventually the mix of these two, disappears.

Scholes (2000) considered the basic competitive advantage by the following competitive strategies:

Cost leaderships strategy, which is based on the criteria of lower costs of marketplace.

Differentiation strategy on the marketplace, and

competitive advantage tightly links on how firm manage its value chain in comparison to competition value chain (Shank & Govindarajan, 1993). Value chain in their case, demonstrates the systematic way of studying all activities that company performs, in order to analyze competitive sources.

3.1.1 Lowering cost as competitiveness

It is doable to achieve the competitive advantage with lower cost when the demand for such products and services are potentially high in concentrated industry or marketplace. However, (Aaker , 1995) argues, in order to achieve this type of advantage, the products and services should be relatively standardized. He also says, building such an advantage based on the lowering costs and requires clear and strategic determination.

Et. el. Shank (1993) claimed that costs must be the strategy of firm's most important content. Possessing such an action of "lowering costs" in comparison with the rest of the competitors represent an imperative and main content of many business decisions. It is very important to consider, "culture of lower costs" where management, structure, processes focus on decreasing costs, permanently. Value chain is directly dependent on the activities that are performed by company and how it allocates

costs. It is up to the management board to identify these activities and sources of costs. Main goal is still the same, lower the cost.

There are however, two groups of cost initiators, realized and structural costs. Structural costs entail an idea of industrial organization. There are at least five strategic options of organizations in accordance to existing economical structure of industry, and which is related to costs (Shank & Govindarajan, 1993).

- Ration of business, size of firm's investment in production and research and development with marketing resources
- Size of business, depends on the choice of degree and on vertical integrations with the rest of the companies
- Experience, what company had experienced before and gained knowledge in a certain field.
- Complexity of offer or another words, product portfolio of an organization, what kind of assortment the organization has got to offer, diversity.

3.1.2 Differentiation as a competitive advantage

Any organization can gain a competitive advantage by implementing the successful implementation of differentiation strategy, which is based on competitive position, that allows the creation and usage of unique firm's position on market (Porter, 2007). He also stresses that differentiation strategy is mostly focused on its business activities and assortments, because of that focus, a firm can differentiate from competition. With the differentiation strategy, company should offer something unique and special for consumers, so people can see the value in it. Eventually, competitors might lose its customer, due to a small offer (product portfolio).

Porter (2007) stresses that differentiation strategy can be easily obtained through the value chain, in every activity that organization carries out; this is a short list of Porter's to conclude:

- Difference in production of raw materials
- Difference in the level of technology
- Difference in distribution systems
- Difference in marketing and sales activities
- Difference in vertical and horizontal M & Ns'activities

Besanko, Dranove & Shanley (2000) concluded that differentiation might lead a company ahead if consumers exceed the differentiation costs. The goal of that strategy is to create big differences between created value for consumers and achievement costs in a value chain.

3.2 A Competitor Analysis

The whole concept of competition was based on the idea of supply and demand (Zahra & Chaples, 1993). It is one of the most inevitable forces in today's business world. They define it as a process of "a company attempts to define and understand its industry, define competitors, find strengths and weaknesses of its rivals, and anticipate their actions" Furthermore, they explain it as "dealing with competitive intelligence to collect data on their rivals and the analysis and interpretation of the data for managerial decision-making process".

According to Fleisher and Bensoussan (2003), competitor analysis is the management tool, which is used to work within strategic management field, with the purpose of assessing the strengths and weaknesses of current and potential competitors.

Giget (1988) stated that all managers need competitive information, since it gives a motivational boost to operate properly, knowing the weaknesses of competitors and properly evaluate them, is the winning edge for an organization, based on that manager act strategically.

Kotler & Armstrong (2007) suggested four main types of competitors whereas:

- Brand competitors, where firms are the same sizes with the similar product portfolio to the similar target group. An example would be (Tesco and Billa in Czech Republic)
- Industry competitors also have similar products but differ in a way such as organization size, or precise product offering scheme. Example (Hotel Pyramida and a small hotel U Švejků).
- Form competitors, offer products and services in the form of technology. Example (Cinema, DVD distributors, Theaters)
- Generic Competitors is when all consumers have limited income.

3.2.1 Determining competitor's objectives

All firms focus on different objectives and possess different importance of them. The objective of any firm is to maximize the profit and reach the best possible market share growth. A firm might be focused on reaching the main objective or (attach significant importance to it) by lowering costs or expenditures on technological research & development project or even service leadership and extra (Kotler & Armstrong, 2014)

Křížek & Neufus (2014) found an interesting correlation between Coca-Cola and Sprite companies in 2012, where they discovered the competitor's intelligence towards each other. In terms of price, places and even marketing campaign. From 2006 up to 2010, Coca-Cola had a mocking campaign going on, where they stood the Sprite out, and tried to devalue their product portfolio but eventually agreed on the equal prices and place of promotion, which was initial for both.

3.2.2 Prediction of competitor's moves

Fleisher (2003) provided an exhaustive list of information that needs to be considered about firm's competitors. This list includes segmentation strategies, brand, advertising and promotion, customer service, horizontal and vertical segments, market research in general. However, he claimed, that for the most part, it is very hard to get all information at once, and it is obvious. These types of information are essential and private, to gather them will be hard. For example, such information as key customers, market segmentation, product portfolio, are usually publicly known and easily inferred. It has a qualitative character but still gives an overview and anticipations of the next competitor's moves. Further, He claimed, companies are reluctant to share quantitative information, such as financial reports, contracts and extra.

Zimmerer (2008) defined, all companies look at each other, especially those who are in the same page. See Chapter 3.2. However, the concept of prediction lies somewhere deeper than just looking at the moves and predict the further moves, that not the case. He discovered the correlation between Oil & Gas companies (Chevron and British Petroleum). Chevron once set-up a higher price per barrel in 2004 and kept it for 2 weeks straight whereas British Petroleum had lowered the price per barrel and still was not on the first place, hence the price was linked with many external and internal factors, such as political and economic and extra. So, he argued an idea of Fleisher, that quantitative information is hugely recognized on the marketplace, at least not on the Oil and Gas sector. Afterwards, Zimmerer came up with the Matrix, which he called "CPM" – Competitor Profile Matrix, he described it as a perfect tool that helps companies assess their major competitors using critical factors in a particular industry.

According to Prager (2012) competitor's media strategy and marketing campaign might reveal too much of information about company, that can initially damage itself. Since competitor's media might reveal budget allocation and targeting strategy, the rest of the firms could adopt to it, and benefit at the end.

3.2.3 Defining competitors' strengths and weaknesses

Gordon (1989) stated that techniques that could be used to determine competitors' strengths and weaknesses are usually based on a secondary data or word of mouth, might even be on a personal experience. Word of mouth is priceless way to describe the situation, either consumer is satisfied or not. Certainly, a good payback to the firm, which has been given the credit for a good product or service provided. On the other hand, he claimed that the primary data could be used to. A questionnaire or research can gather such information from customers, suppliers and even stakeholders.

Clow (2014) stated, by simply visiting the competitors' webpage and social networking sites, customers can instantly value the design and products shown on that page. Which is another way of measuring strengths and weaknesses, it is somehow related with a logical analysis and knowing where to hit. By analyzing the competitor's qualities, companies might improve their qualities in return, same concerns the relationship with the customers and the way of interactions.

3.3 Marketing Strategy

3.3.1 Marketing Segmentation

Market segmentation should summarize the ways of achieving a clear picture of company's current customers. Every company should analyze its customers, either existing or potential customers by using Market Segmentation criteria, for every industry segment might differ (Johnson & Scholes, 2000). But the author choses relevant topics and standards that will initially help me to make conclusion.

Market segmentation gives a chance to understand both sides of the so-called "battle" et el (Scholes, 2000). Since the producer is unaware of how consumers perceive its product and how judgments will be made, based on quality. Often, producers might come-up with a questionnaire or an additional feedback review, that will give them a clearer picture on their product and its segment. He claims that this part is directly linked with the management strategy and approach theory to customers and marketing research. And in my opinion, it is clearly seen in the table, in section of Organizational market- Management topic. (See Table 1).

Kumar and Aaker (2002) argue that marketing research is a crucial part of a marketing intelligence system, it helps to improve the management decisions making process, with the help of accurate, relevant, and timely information. They agree with Kotler (2001) who claimed that managers of small firms or non-profit organizations are capable to gain such a marketing information, simply by observing things around them, which could be easily complemented with sample research of

reduced number of addressees. Extensive marketing research is for smaller companies rather inefficient since the benefits do not correspond to the financial view, required to implement the research.

Table 1: Criteria of Market Segmentation

<i>Type of factors</i>	<i>Customer market</i>	<i>Organizational market</i>
Characteristics of customers/organization	Age, Sex, Race. Income Family Size Place Living Standard	Industry Place Size Technology Profitability Management
Purchase use	Amount of purchase Brand Loyalty Using purpose Importance of the purchase Selection criteria Buying behavior	Application Importance of the purchase Quantity Purchasing frequency Purchasing procedure Selection criteria Distributional channel
User's needs and preferences of product characteristics	Product similarity Price Advantage Brand Advantage Required characteristics Quality	Effectivity requirement Suppliers' assistance Brand advantage and quality Require characteristics Service requirements

Resource: Johnson, G & Scholes, K (2000).

3.3.2 Strategy Development

The chapter will demonstrate the concepts of strategies that might be applicable and used, by the view of well-known scholars and practitioners. According to Kotler's marketing strategies, he sees the following characteristics for producers to focus on. He assumes that by applying these strategies the company will be more likely to be way more successful in the long run. (See Table 2.)

Table 2: Characteristics of Product Lifecycle and Corresponding Marketing Targets

<i>Stage</i>	<i>Characteristics</i>	<i>Marketing target</i>
Introduction	High Cost Low sales volume High necessity of promotion No/ small competitive environment	Create and support customer's awareness on the product, make customers wish to try the product
Growth	Lower Cost due to economies of scale Increase sales volume Customer Awareness Profitability Market share maximization (with price) Increase competition	To win Maximum market share
Maturity	Low cost and High sales volume Diversification and differentiation in brands High competition Decrease in price and profit	Maximize profit and maintain market share
Decline	Raito cost X profit unfavorable Decrease in sales volume Production and distribution channels	Decrease cost and harvest brand

Source: adapted according to Kotler's Marketing Management, p-303.

Other strategies arise based on the analytical approach. The author went over the Porter's Generic Strategy, which is partly classified with Kotler's (the cost focus leaderships and differentiation focus of leadership). Another strategy might be based on GE Matrix, where it suggests the following criteria to be focused on; (invest, grown, earn, harvest, or divest). Boston Matrix very narrowly concentrated on products with strategies support, where producers have options to keep and milk or get rid of.

3.5 Marketing Mix

The marketing mix is very crucial for customers because it involves such factors as price, place, promotion, people. When marketing mix was introduced, initially it covered only 4P's, however (Laterborn, 2010) suggested the concept of four Cs, where 4P's corresponded to the buyer's 4C's.

Table 3: 4P's to 4C's.

4P's	4C's
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	Communication

Source: Own processing, based on Laterborn (2010, p - 43).

3.5.1 Product

A product is created to satisfy the needs and wants. Since both companies that the author will analyze are focused on production of dairy products. Most of the criteria are related with the taste. If the product of a good quality, the customers are more likely to buy and consume the product. Product is a mixture of all physical and psychological satisfaction that the buyer or user perceives as being part of the product. For the most part, a product could be considered as a comprising of three different dimensions: core product, actual product, and augmented product.

- Core product – carries the main benefit for customers.
- Actual product – consists of the following features such as the level of quality, design, brand and packaging and distribution.
- Augmented product – consists of intangible features such as warranty, sale support, customer services and extra.

3.5.2 Price

Price is the main element of marketing mix, as it is a point where both groups: customer and producers are supposed to meet up (Shank, 1993). It is the easiest way of adjusting to the marketing mix, therefore setting the right price is crucial for successful function of any enterprise. Company should consider many different factors, to set the price, selecting the pricing objective, there are five major objective that should be pursued with pricing, survival, maximum current profit, maximum market share, maximum market skimming and quality of a product.

Determining demand – each price leads to different level of demand, hence has an impact on a firm’s marketing objective.

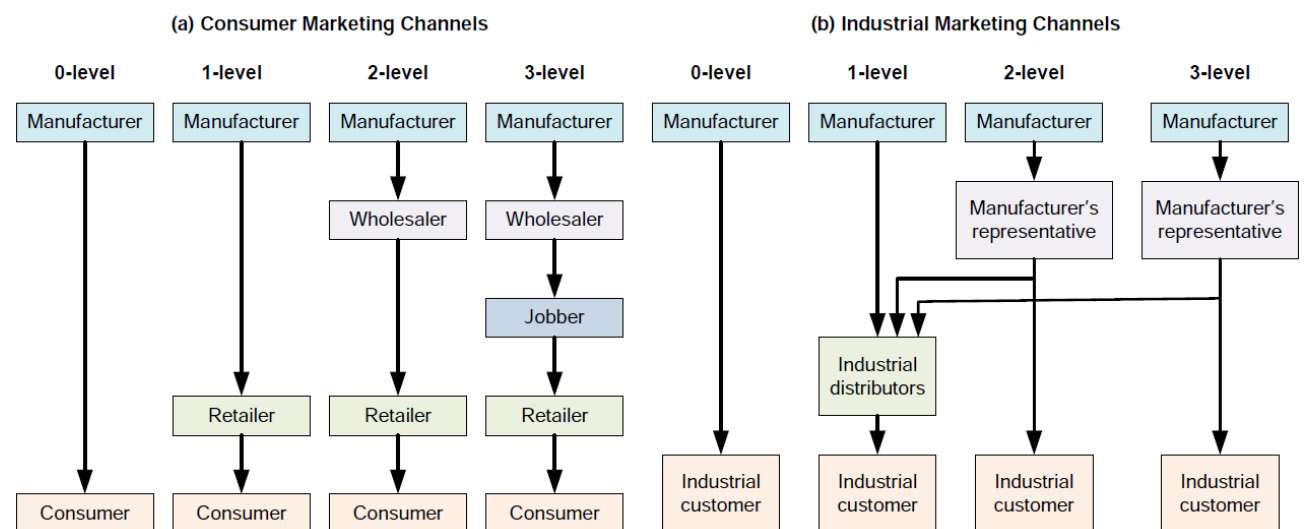
Analysis of competitor’s costs, price, and sales – every company should consider prices of their competitors. After such consideration, the company should decide whether it can charge for its product or services more, the same or less than its competitors.

Selecting the final price, there are three main approaches in price setting, costs set the price floor, prices of competitor’s and substitutes provide an orientation point, and customers assessment features established the price ceiling.

3.5.3 Place

Place is concerned with distribution channels a company applies to make its products/services available for customers. A channel is usually described as a bridge that bypasses gap of time and space between the producer and the customer. Producer and suppliers are considered to be parts of every distribution channel and every channel may involve different number of intermediaries. The length of a channel is determined by the numbers of intermediaries and moving goods from manufacturer to customer. The structure of channel strategy refers to the length of a channel as well. There is a zero-channel strategy, which does not involve any intermediaries and sells its products directly to the final customer (direct – marketing channel, direct distribution strategy). An indirect marketing strategy is used when goods are passed through a more than one intermediary. (Kotler, 2013).

Figure 2: Consumer and Industrial Marketing Channels



Source: Kotler & Keller (2006).

Every company must decide how many intermediaries should be involved on each level of channeling. This process is called distribution – scope strategy and there are at least three alternatives that are used: exclusive distribution, selective and intensive.

Exclusive distribution deals with the limited number of intermediaries. This distribution – scope strategy used when the producer wants to maintain control over the service level and outputs offered by the reseller. Producers may gain different advantages with the usage of exclusive distribution, such as dedicated and knowledgeable selling, loyalty of dealers, greater support, full control over a retail marketing, better forecasting. However, there are also several disadvantages to exclusive distribution: sales volume loss due-to reliance on a dealer of a certain geographic area (Dranove, 2000).

Selective distribution – when more than few distributors or resellers are involved and are willing to carry out marketing strategies of a particular product. When implementing the selective distribution, it is extremely important for a manufacturer to choose the dealer who shares the same goals and image of a product.

Intensive distribution – when manufacturer places its products or services in any available outlet where it is possible to sell. The product is sold at different variety of competitive retail enterprises. Intensive distribution has two disadvantages, the first is that intensively distributed goods are low-priced and low-margin products that require a quick turnover, it is very difficult to control these types of products due to large numbers of retailers. The strategy is applicable in short-term, however in long-run it might very stressful. The product's availability will be increased but it may result in aggressiveness of retailers causing prices to decline, hence the profitability (Wilson, 2008).

3.5.4 Promotion

Promotion is tightly linked with the marketing communications, where companies seek how to inform customers about product promotions, sales, discounts and extra. There are direct and indirect marketing communications with present and potential stakeholders and general public. Marketing communication is a tool, which helps businesses to establish and build a relationship between the customers. It is used to build a brand image and enhance brand equity.

In order to develop an effective marketing communication involves 8 main steps Chapless (1993).

- Target audience
- Determine line communication objective
- Design the communications

- Select the communication channels
- Establish the total communication budget
- Decide on the communication mix
- Measure the communication results
- Manage the integrated marketing communications process

3.6 SWOT analysis

It is a short acronym which are abbreviated in the following manner, Pearce & Robinson (2009).

Strengths are presumed to be the resources available to a company which give an advantage, in comparison to its competitors.

Weaknesses are deficiencies or limitations of resources or capabilities, which eventually create a disadvantageous situation for a company, in comparison to its competitors.

Opportunities are favorable situation in a company's environment, such as technological changes, improved buyers or suppliers' relationships, identification of a previously overlooked market segment, changes in competitive circumstances.

Threats is related to unfavorable situations within companies' environment, such as a new competitor entrance, which increases bargaining power of key suppliers and buyers, slow market growth and its development Walker (2009).

4 Description of selected company “Mlékárna Kunín, a.s.”

Mlékárna Kunín, a.s. is a traditional dairy company with its historical background of over 80 years. The company is being a leader on a Czech market within a segment of dairy products such as: sour cream and dairy desserts.

Basic information about the company.

Date of creation: 30 April of 1992

Name of a company: Mlékárna Kunín, a.s.

Identification number: 451 92 294

Legal form: Joint-stock company

Scope of business: Dairy industry

The sole shareholder: Lactalis CZ, s.r.o. ID: 271 32 471

Capital: 282 207 000, - Kč

At present, the owner is the French company “Lactalis” and the dairy is based in Ostrava - Martinova. The company offers a wide range of products. In addition to classic dairy products, the customer can also choose different types of desserts, such as milk rice, which is also suitable for a gluten-free diet (Mlékárna Kunín a.s., 2019). The company belongs to the sector that deals with milk processing, production of dairy products and cheese. Mlékárna Kunín, a.s. is one of the most important milk processors in the Czech Republic. In a year, it can process approximately 140 million liters of milk, which comes mainly from dairy farms in Moravia (Mlékárna Kunín a.s., 2019).

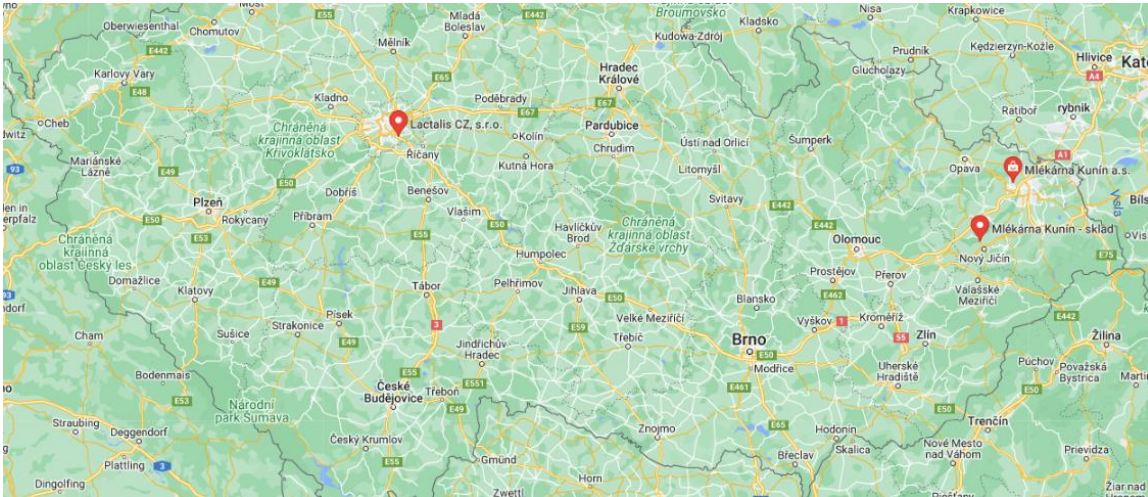
Logo:



Source: Own processing.

5 Practical part

Location of Mlékárna Kunín, a.s.



Source: Own processing, Google maps (2022).

Its headquarters is in the capital of Czech Republic, Prague and the warehouse with its production facility is in Eastern Czech Republic.

5.1 Marketing Mix of Mlékárna Kunín a.s.

Product Portfolio of Mlékárna Kunín, a.s.

Yogurts and creams



Yoghurt beverages



Source: Retrieved from official web-site of Mlekarna Kunin a.s.

“Selský jogurt” belongs to the microsegment of farm / farm yoghurts. The Kunín Mlékárna assortment includes 8 flavors, including white, which exists in larger and smaller volumes. Peasant and farm yoghurts are yoghurts that are fermented directly in the consumer packaging - the crucible. Peasant yogurt is a well-known consumer type of yogurt. The microsegment is saturated, and many competitors offer the product. The production technology is relatively standardized and there are already a number of different flavors, so it is difficult to differentiate from competitors for a given type of yogurt. However, Kunín farm yoghurts have earned customer loyalty with their quality and natural taste.

Source cream and Sweet-Rice



Source: Retrieved from official web-site of Mlekarna Kunin a.s.

The company also holds certificates that meet quality and environmental standards (ISO 9001 and ISO 14001). In addition, the company meets IFS standards, which are required by foreign customers (Mlékárna Kunín, a.s., 2019).

Milk assortment



Source: Retrieved from official web-site of Mlekarna Kunin a.s.

Based on the source of Euromonitor Enternaional (2020), the main products are shown above and consists mainly of creams and desserts. The company occupies a dominant position here and at the same time directs its vision to maintain this position. Then the Drinking milk products segment, which consists of drinking milk, most recently Yogurt and sour milk products. These are the basic segments that copy the product portfolio of Mlékárna Kunín, a.s.

Promotions and distribution channels

- Advertisement and Sales promotion

By promoting different sales, and options to win different prices. All done within “Globus” retailing chain.

Picture 1: Promotion





Source: <https://www.mlekarna-kunin.cz/souteze/>

Mlékárna Kunín, a.s. uses different types of promotions in both ways, online and offline platforms. It partners with the biggest retailers within Czech Republic such as, in brackets can be seen the number of stores per each store. As it is shown in the Picture – 1, the company uses a technique of potential products that could be won, within a “soutěž” concept, or another words “competition” reward, by offering potential products such as: bicycle, dishes, and a set of mixers, the second picture also considers “competition promotion” where the shown yoghurts should be bought only thru the Kaufland supermarkets or hypermarkets chains. The company uses such promotions and discounts every single month, and there is a list below, which demonstrated the retailing chains and reseller’s chain where company’s products could be bought, in brackets is shown the number which indicates the branches that are run by the Logos, within Czech Republic which is explained by B-2-B relations.

- Tesco (180)
- Billa (310)
- Kaufland (135)
- Lidl (281)
- Albert (328)
- Penny market and extra (396)
- Marko & Cash Carry CR (13)

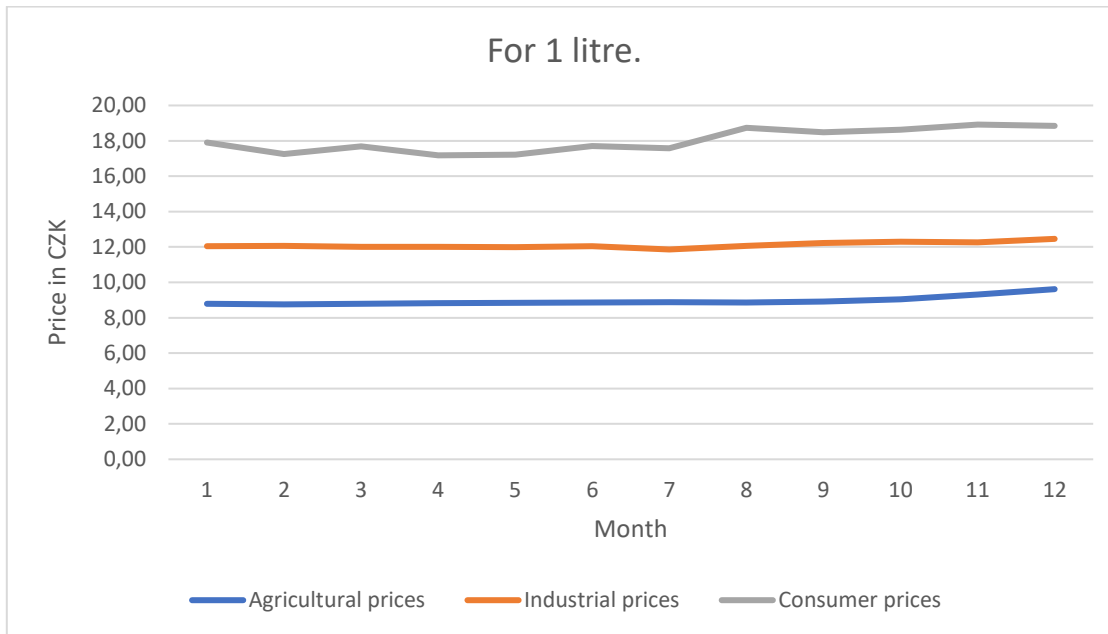
However, the focus of the company not only retailers and wholesale, but also offline sales, and the list of online websites which offer its products is big to name a few are:

- Potravinydomu.cz
- Rohlik.cz (22 stores for give-out products)
- Akcnicenycz

- Kde-nakoupit.cz
- Kosik.cz
- Tesco online nakupy
- Tomato.cz

By selling through the key players their products, the company uses Market penetration strategy

Graph 1: Price for milk for the year 2021 (Cow Milk)



Source: Own processing, based on. https://vdb.czso.cz/vdbvo2/faces/cs/index.jsf?page=vystup-objekt&pvo=CEN02A2&z=T&f=TABULKA&katalog=31783&evo=v1658 ! CEN02A2-2020_1&&str=v1482

The blue line demonstrates the price, at which farmers sell the milk to the producers of dairy products, in this case “ Mlekarna Kunin a.s.” buys the milk at this price, processes it and sells up to the retailing chains, with the help of their distribution channels. For the year 2021, the price is smooth and quite stable, on the other hand the milk that is bought from an end-consumer perspective, is demonstrated by the grey line.

Price and Costs

Table 4: Price of Kunín dairy products, annual (CZK)

Year	2016	2017	2018	2019	2020
Kunin Youghurt (450 grm)	38,6	38,9	39,6	41,2	42,9
Kunin Youghurt (150 grm)	11,6	11,8	12,9	13,7	14,1
Soure Cream (12 %) (125GR)	17,5	17,9	18,4	18,7	19,5
Soure Cream (15 %) (125GR)	18,9	19,5	21,5	21,5	22,9
Soure Cream (20 %) (125GR)	23,5	26,5	26,9	28,5	29,5
Kunín Milk 0,5 %	18,5	19,5	19,5	21	21,5
Kunín Milk 1,5 %	23,5	24,5	24,5	25	25,6
Kunín farmer's milk	33,5	35	35,5	36	37

Source: Retrieved from official web-site of Mlekarna Kunin a.s. <https://www.mlekarna-kunin.cz/o-nas/media/index.html>.

The cost-based pricing includes:

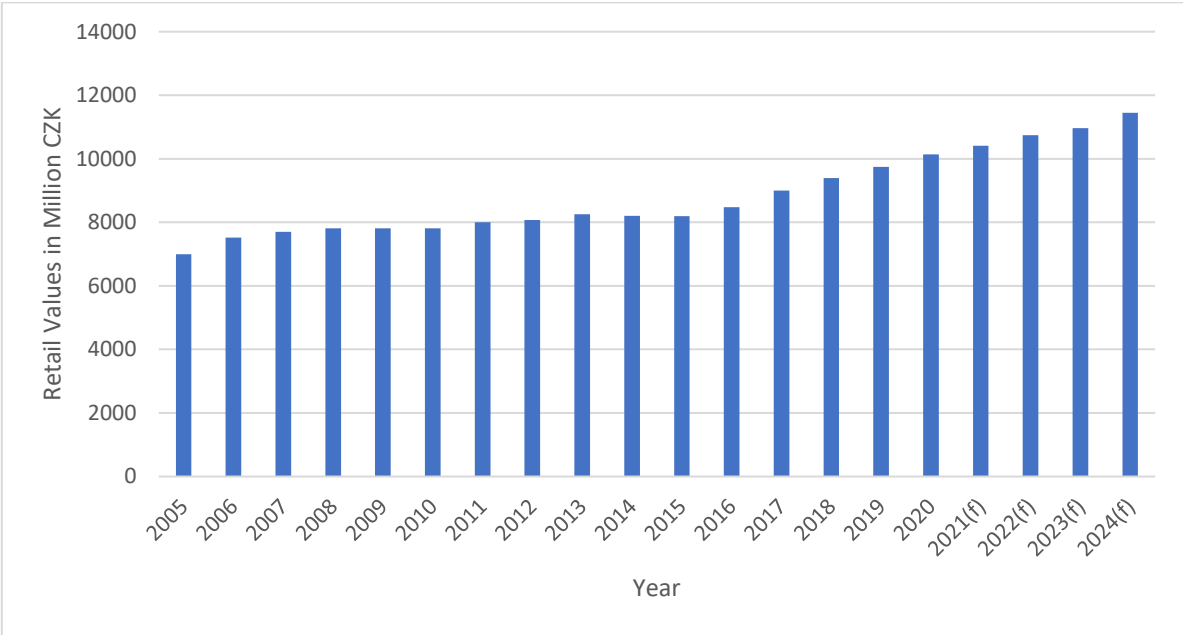
- Wages
- Electricity
- Raw materials
- Transportation cost
- Packaging

As it is shown below, the increases of prices from 2016 to 2020 is quite noticeable, the company however still take into account the market prices for every segment of dairy products and sets its prices according to the costs, and an average margin of 15 – 20 %, (Annual report of Mlékárna Kunín, a.s. 2020).

The price of products has been increasing with the years due very hot weather seasons and increasing costs for electricity and gas and feed material prices, which also have increase. An overall cost for dairy products in Czech Republic has increased by 3,2 %, an average price per litre of milk is 8,85 Kc, which is seen on the Graph 1, for 12th month. However, the cost of labour, packaging and logistics has also increased. Even though the COVID-19 situation has changed the customer behaviour and dairy companies lost its profits due to restrictions which were put on restaurants, shopping centres, coffee shops and extra, it still has regained its profits in retailing and in-store sales. However, for the next 2 years, the prices of materials, labour cost is prognosed to be increasing.

Mlékárna Kunín, a.s. is currently concentrating most on the cream and desserts market. The chart below shows that sales in this market have increased significantly since 2005 (See Graph 2). Their development was not significantly affected by the economic crisis in 2008. The forecast for the future is also positive when further growth is expected. Cream has the largest share in sales in this segment (CZK 4,030.1 million). The second is the category are cheese products (CZK 2,893.1 million), followed by the desserts themselves (CZK 1,680.1 million). The rest is, for example, condensed milk or coffee milk, but these have a minimal share in sales (Euromonitor Internacional, 2020).

Graph 2: Development of dairy products and its sales values on the Czech Market.



Source: Own processing, based on the data retrieved <https://www.euromonitor.com/dairy-in-the-czech-republic/report>

The forecasted values are calculated on the based on: Sales of the origin year (2020) * (Market share change (%) + Annual market price change per segment (%) + Sales of the origin year of (2020), the following forecasts are calculated the same way, based on the results of forecasted (2021). All calculations are shown in the report of Euromonitor Internacional (2020).

The market for yoghurts and fermented beverages is slightly smaller. The volume of sales here in 2019 reached CZK 7,798 million. Compared to white yoghurts, various flavored variants of yoghurts contribute more significantly to sales. It is also worth mentioning the so-called yogurts for drinking, where in 2019 sales increased by a total of 6% compared to 2018.

Revenues on the drinking milk market in 2019 totaled CZK 5,953 million. The vast majority of them are cow's milk, which, however, in terms of growth rate, has no potential for the future. Overall, the drinking milk market has fallen by more than CZK 640 million since 2017 (Euromonitor internacional, 2020).

The impact of the COVID-19 pandemic on consumer behaviour

At the moment possible changes in consumer behavior can only be speculated, but one possible scenario may be that the consumer cannot afford to make the wrong decision to buy the product in times of crisis, as his financial resources may be limited, and he will rather choose the brand he chooses. combines with a long market presence, quality, and satisfaction. In other words, they sacrifice diversity of shopping in favor of simplicity and good previous experience. Under these conditions, a suitable route for Mlékárna Kunín, a.s. streamline the product portfolio, reduce the excessive breadth of product lines, and focus on key products and increase customer motivation to purchase them.

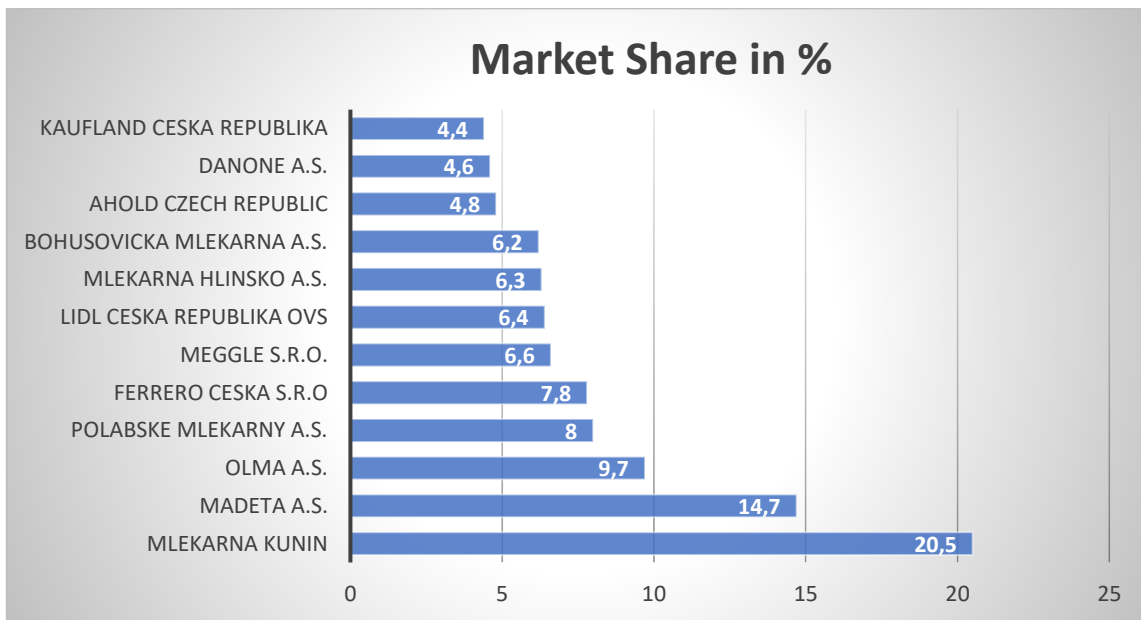
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Therefore, the market price slightly deviates among all the re-sellers, the Mlékárna Kunín, a.s. company still hold the most market share of dairy products on the Czech Market (See Figure 6). The figure below shows the structure of the Other Dairy market according to the size of the market shares of individual companies. The sum of the market shares of the four largest companies together represents 40.3%. According to the CR4 indicator, the degree of competition in this market therefore has the character of a monopolistic competition with a hint of a very free oligopoly. The segment of yoghurts and drinking milk has a similar character. It is also important to mention the current situation on the Drinking milk products market. Madeta, a.s. has long held a dominant position in flavoured milk drinks and cow's milk here, with a total share of 14.7 %. It mainly benefits from a well-established brand and a strong distribution network. This is followed by Mlékárna Kunín, a.s. with a total share of 20,5 %. The company Bohemilk, a.s. with 8.6% market share. Recently, the position of

private labels such as Lidl, Tesco or Kaufland has significantly strengthened in this market. These players are particularly successful in the field of durable cow's milk, where they are able to attract customers at very low prices supported by frequent discounts (Euromonitor internacional, 2020). This is also confirmed by the words of the CEO of Lactalis CZ, s.r.o. "In terms of prices on shelves throughout Europe, the Czech Republic is by far the cheapest in classic UHT milk. In semi-skimmed long-life milk, we are absolutely the cheapest country in all of Europe. "(Brada, M., personal interview, February 19, 2020).

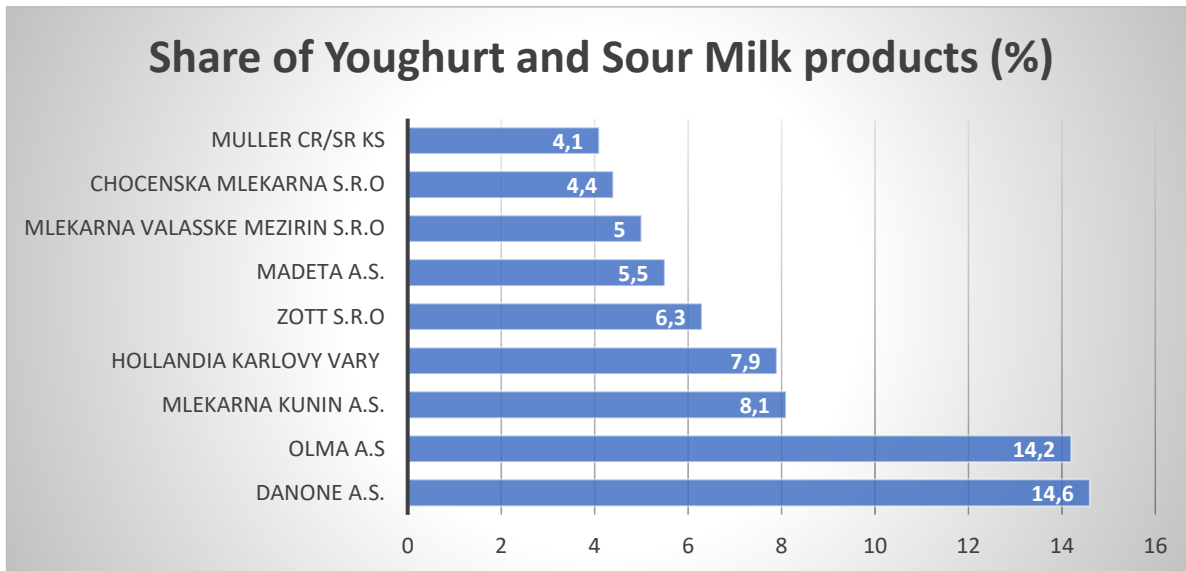
Figure 3: Market Share of dairy producers in the Czech Republic



Source: Own processing, based on Euromonitor Internacional (2020).

In the yogurt and fermented beverages segment, Danone, a.s. maintained its leading position in 2019. (See Figure 8), with its total market share of 14.8%. However, during the year it recorded a decrease in its share, as local dairies became much more attractive (Olma - 14.4%, Mlékárna Kunín 8.2% and Hollandia Karlovy Vary - 7.9%). Based on predictions, it is assumed that yoghurts will continue to prosper in the coming years (Euromonitor Internacional, 2020).

Figure 4: Share of Yoghurt and Sour Milk Products in Czech Republic



Source: Own-processing, Euromonitor International (2020), <https://www.euromonitor.com/dairy-in-the-czech-republic/report>.

Summary of the Mlékárna Kunín a.s.

As being the leading producer of the dairy product on the Czech Market, the company is being efficient, however in order to state such conclusion, the following company's product portfolio and price strategy will be introduced, in order to analyse and compare. As it is stated above, that Madeta a.s. hold a second leading position of market share in the Czech Market, let's compare its product portfolio.

Legislative Factors

Milk processing and subsequent production of dairy products requires compliance with strict regulations, which are regulated by legislation. This requires a thorough control of the milk itself, which must meet veterinary requirements. Furthermore, it is crucial to observe hygiene in the production process itself, but also in the handling of raw materials, packaging of products and their storage. Prescribed procedures and various restrictions affect the operation of the company, because defective products pose health problems for the customer. Failure to comply with these regulations can result in heavy penalties for businesses and damage to consumers' reputations. According to the CEO of Lactalis CZ, s.r.o. the legislation provides the dairy with a certain minimum threshold to be met, but in reality, they go far beyond this threshold and many more quality tests are performed than required by the state (Brada, M., personal interview, 19 February 2020).

The framework of legislative factors that the company must comply with also includes its own certificates. These confirm compliance with high standards, especially in relation to food safety and quality. Obtaining each certificate means compliance with individual regulations, which are checked in the form of regular audits. Owning certificates means for Mlékárna Kunín, a.s. increase public confidence. Firstly, for consumers who often require certain certifications as proof of minimizing the risk of unhealthy food, but also for the consumer himself. Certificates owned by Mlékárna Kunín, a.s. are:

- Food Safety System FSSC 22000
- International Food Standard (IFS)
- ISO 9001
- ISO 14001

Ecological factors

In terms of ecology, Mlékárna Kunín, a.s. strives for organic production and to minimize the impact of its activities on the environment. It therefore complies with ISO 14001 standards, which relate to environmental management. At the same time, it makes sure that everything valuable in nature is preserved. They contribute financially to educational signs in the Beskydy Protected Landscape Area, which offer visitors something to think about and describe the importance of the work of farmers who take care of pastures and meadows. The quality of pastures can also be reflected in the quality and price of milk (Mlékárna Kunín a.s., 2019).

The issue of vole overgrowth is currently being addressed. The secretary of the Agrarian Chamber of the Czech Republic, Jan Doležal, stated: "Voles, who, for example, have already decimated cereal crops in South Moravia, are now moving to fodder crops, ie clovers and alfalfa,". It is these crops that are the basic source of protein for livestock. If there is still a shortage of feed and has to be replaced, it will affect the final price of milk and other dairy products (Bydlet.cz, 2019).

Technological Factors

Technological factors form a crucial aspect in the dairy industry, because thanks to advanced technologies, the company is able to produce larger quantities and at the same time reduce the time required to perform individual operations. The sophistication of the technology in the dairy sector is required at a high level to ensure the safety and durability of the final products.

In general, milk processing technology experienced its greatest expansion during the 20th century, when methods of heat treatment of milk were developed. These are, in particular, pasteurization and the UHT (ultra-high temperature) method, which have helped to increase quality and at the same time make production more efficient. With technological progress come further changes and modernizations over the years, however, this is not a major advance that would allow dairies to significantly reduce costs (Černíková, 2015).

New technological equipment enables Mlékárna Kunín, a.s. increase the volume of production and thus sales. The company is trying to follow technological developments, over the last 12 years there has been progress in, for example, milk processing and processing equipment, thus increasing the capacity of processed milk per year to 138 million liters. Furthermore, a new technological line to produce rice desserts was prepared (See Pictures of Sour Cream and Sweet Rice). (Mlékárna Kunín, a.s. 2007).

Social Factors

Based on the OECD Better Life Index (2016) survey, which deals with the quality of life in selected countries, the Czech Republic is doing positively. Compared to other countries, it ranked above average in terms of education, personal safety and work-life balance. On the contrary, it achieves below-average results in terms of income and housing.

Dairy products are consumed by people of all ages, however, nutritionists recommend consuming milk especially in people who are in physical development, because milk provides children with calcium, high quality proteins and many other minerals and vitamins important for their healthy growth (Kopáček, 2018).

Today, however, people have minimal emphasis on similar recommendations and rather follow their own needs and feelings. Sales are influenced by various cultural and life trends that people follow and share with each other. Consumers expect healthy and natural foods. The situation is that consumers tend not to trust the food industry. This factor may have an impact, which is reflected in a decline in milk sales, so it is necessary to be transparent in this matter and inform consumers about the composition of the product, the origin of raw materials (Kopáček, 2018).

An important aspect of social factors is the current lifestyle and consumer preferences. The words of Jiří Kopáček, who is the chairman of the Czech-Moravian Dairy Association, emphasize the importance of consumer trends. In his opinion, consumers expect foods that suit their healthy lifestyle.

This growing trend in the dairy industry is also confirmed by data describing the preferences of Czech consumers, which are available from the Passport database. Consumer trends are described in more detail in this work in Chapter 7.1.3 in the industry analysis.

5.3 Marketing mix of Madeta a.s.

Product Portfolio of Madeta a.s.

Milk assortment



Source: Own processing, Madeta a.s.

Sour-cream



Source: Own processing, Madeta a.s.

Butter



Cottage cheese and desserts



Source: Own processing, Madeta a.s.

Processed cheeses



Source: Own Processing, Madeta (2022).

Madeta a.s. not only sells its own products, but also products of other dairies, as well as pastries, beverages, snacks such as mayonnaise, ketchup and tartar sauces, salads, spreads, pâtés, soups, sausages, and many other products.

Distribution is the process by which goods reach the customer through distribution channels. Only exceptionally does the company provide it itself. The choice of a suitable distribution route subsequently affects the other tools of the marketing mix. Distribution channel decisions are associated with long-term contracts. Distribution is mainly provided by Madeta Logistic, a.s., which is a logistics, distribution, and trading company. It is a company in the "MADETA" group. Madeta Logistic, a.s. operates a central warehouse with a capacity of up to 7,000 pallet places in Jesenice near Prague and a network of fifteen outlets in the Czech Republic. From these warehouses, the goods are delivered to the central warehouses of individual business partners or directly to stores. For example, the Ahold Klecany and Ahold Ruzyně Warehouses will consider the Albert and Hypernova chains themselves.

More than half of the customers are chains in the Czech Republic and Slovakia. 20% of the independent market in the Czech Republic and the market outside the European Union. So far, only 5% represents the market of other European Union countries. In the future, the company would like to increase this customer base.

Price and costs

Figure 5: Product prices of Madeta a.s

Year	2016	2017	2018	2019	2020	2021	2022/1Q
Madeta South Bohemian butter	38	39,5	38,9	41,5	40,8	42,5	47,5
Durable South Bohemian Madeta milk - 1.5%	17,5	19,5	20,5	24,5	25	26,1	0
South Bohemian semi-skimmed milk	25,5	27,3	28	28,5	24,5	23,9	25,38
Madeta South Bohemian delicious full-fat milk 3.5%	21,5	22,7	22,5	23,5	22,5	23,9	24,76
South Bohemian sour cream 18% 180 g	16,8	16,8	18	18,5	17,9	18	19,2
South Bohemian sour cream min. 15% 180 g	15,5	15,8	16	16,5	16,9	17,5	18,6
Jihočeský Nature white yogurt 3.1% 380 g	19,5	21,9	21	22,9	23,4	23,8	25,5
South Bohemian durable full-fat milk 3.5% 1 l	26,9	26,7	26,3	27,5	26,7	27,3	27,5

Source: Own processing, based on the finding of official websites

Madeta a.s. hold the second market share spot among all producers in Czech Republic, its locations are mostly based on Southern parts of Czech Republic, its headquarter is located in České Budějovice-4.

The cost-based pricing includes:

- Wages
- Electricity & Heating system
- Transportation
- Raw materials

- Renting of warehouses
- Packaging

However, the final price is set-up according to the market price, the margin for Madeta products are around 5 – 12.5 %, because most its focus is on a re-selling as well, around 20 % of net profit is accumulated due to reselling products (Madeta a.s, report 2017)

Promotion and sales

Picture 2: Sales and marketing promotion

The screenshot shows the Madeta e-shop interface. At the top, the Madeta logo is displayed above a blue banner with the text "S námi kupujete kvalitu". Below this, a navigation menu on the left lists various product categories such as "Akční nabídka", "Novinky", "Výrobky s nízkým obsahem laktózy", "Mléka", "Smetany", "Jogurty", "Tvarohy a dezerty", "Zakysané nápoje", "Másla, tuky", "Čerstvé a termizované sýry", "Tavené sýry", "Přírodní a bílé sýry", "Plísňové sýry", "Sýrové speciality", "Snídaňové menu", "Gastro balení", and "Reklamní předměty". The main content area is titled "Reklamní předměty 41 výrobků" and features a search bar and a category dropdown set to "Reklamní". Below this, there are three promotional banners: "Potvrzenou objednávku vyřídíme do tří pracovních dnů.", "Možnost platby kartou nebo hotově při převzetí.", and "Rozvoz mléčných výrobků pouze v prac. dny od 7:00 do 16:00 hod.". The main product grid displays four items: "Dárková etiketa" (29,00 Kč/ks), "Dárková taška" (35,00 Kč/ks), "Dárková krabice" (59,00 Kč/ks), and "Smaltovaný hrnek Madeta 300ml" (199,00 Kč/ks). Each item includes a description of weight and packaging, a product image, and a "Koupit" button.

Source: <https://eshopmadeta.cz/propagace/>

Madeta has its e-shop website, where anyone can buy their products directly, and the product portfolio in author's opinion is wider than in Mlekarna kunin a.s.. However, it is also focused on wholesalers, retailers and Super Market Chains, however its partner's chain could be seen on Index 1.

Wholesalers:

- Macro Cash & Carry
- Wholesale warehouse Soběslav
- Hopi Billa and Hopi Zimbo warehouses
- Warehouses Ahold Klecany and Ahold Ruzyně

Retail:

- Consumer cooperatives Jednota throughout the Czech Republic
- Groceries "U Michala", Prague – Střešovice
- Danube Wholesale, Liberec
- Enapo store, Petrovice

Chains:

- Kaufland
- Penny market
- Interpsar
- Delvita
- Globe
- Penny Market
- Lidl
- Plus discount

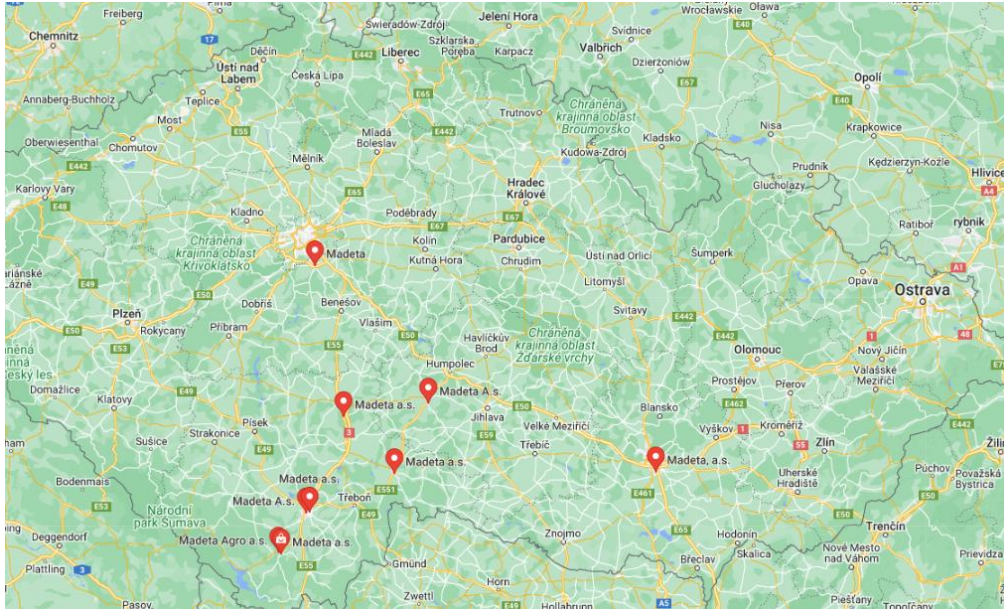
Madeta uses different strategies to promote its products such as banners on the streets and also “soutěž”, competition between customers to win a “stay” in a nice hotel which could also be a part of potential product.



Source: <https://www.mediar.cz/galerie-reklamy/klient/madeta/>

It also promotes a logo of “Tak chutná mléko” meaning that how milk tastes, which seems very interesting for the first point of view and could potentially create an interest to taste its products and the word “taste” is present in the logo.

Locations of Madeta a.s.



Source: Own processing, Google (2022).

But mostly, there are logistic centres that are located around the Southern part of Czech Republic; however, the winning edge of the company is that most of its production facility is located close to each other, See Picture – 3.

Picture 3: Location of facilities of Madeta a.s.



Source: <https://slideplayer.cz/slide/2348557/>

5 Analysis

As for the gathered data, the author has taken 3 main criterion of Marketing mix, price, place, promotion, and product.

Product Portfolio

Even though, both company's focus is primary the dairy products, the Madeta a.s, is also focusing on reselling other production lines from other producers, thus increasing its profits to cover operations costs and production costs of the company. However, the product portfolio of Madeta is much wider, as it also put a focus on the production of "Cheese" which has a variety of "Blue Cheese", "Processed Cheese", "Natural Cheese" and extra.

However, Mlekarna kunin still holds most of the market share in relation to the dairy products, which could mean that their products have quality and adequate prices. Because of the fact that Mlekarna kunin is being a part of Lactalis, which is a French company, it has a wider range and main focus in producing the segments of "Yoghurts" and "Sweet-rice" snacks, which is the only producer of such goods on the Czech Market. And that is an advantageous factor of the company

Price

In terms of price, companies set their prices with the consideration of the macroeconomic indicators such as: Inflation Rate, Average Income, Costs of production and other operation costs. However, based on the Kunin's prices per each production segment and Madeta's, the author can see that the prices are quite equal, but for the "Farmer's Milk of 3,5 %" the Madeta set its price for the year 2020, relatively lower comparing to the Kunin's milk, approximately 26,5 % cheaper. The "Durable South Bohemian Milk" of Madeta and Kunin's milk, the prices are somehow equal, deviating by 0,5 Czech Crowns in the favour of Madeta. The segments of yoghurts of both companies have also small deviations of 1,2 Czech Crowns, in the favour of Madeta.

Promotion

Based on the marketing strategies, both companies use quite the same steps to promote its products such as: Giveaways, discount promotions, buy more – save more, B-2-B promotions.

But they also use marketing tools to promote their business segments such as: banners, flyers, online surveys, online offers, social marketing and extra.

SWOT analysis of Mlékárna Kunín, a.s.

Strengths <ul style="list-style-type: none">• The reputation of a traditional dairy• Leading position in the field of cream and desserts• Supplier relations• Experience in the field of dairy products• Strong background in the parent company	Weaknesses <ul style="list-style-type: none">• Dependency on the parent company• High costs of production• Low liquidity• Limited product portfolio
Threats <ul style="list-style-type: none">• Economic slowdown (decline in household consumption)• Strong bargaining power of retail chains• Departure of workers for higher wages• Growth of the alternative dairy segment (substitutes)• Growth of personnel costs (Salary, maintenance, outsourcing and extra).	Opportunities <ul style="list-style-type: none">• Production technology innovation• Growth of the whole milk segment• Healthy lifestyle trend• Subsidies• Low probability of entry by a strong competitor

Customer perspective

From the customer perspective, the availability of the product is certainly a competitive edge of the company as well as its quality and packaging, in author's opinion the packaging looks much better designed in comparison to the Madeta's products. It is eco-friendly and very colourful.

6 Conclusion

The author has analysed the competitive strategy of Mlékárna Kunín, a.s. and compared it to the second largest dairy producer in Czech Republic “Madeta a.s.”. The main analysis was based on the 4P’s, including price structure and its margin, the main locations, and partners and product portfolio. The author has analysed on the base on retrieved data the price of Madeta a.s. is a bit cheaper and the company is also focused on the reselling products as well as its own production facilities.

However, from the customer’s perspective “the author’s” the packaging, design, and overall quality of the product Mlékárna Kunín, a.s. take a leading position. Even though, the product portfolio is a bit smaller than Madeta’s company, the Mlékárna Kunín, a.s. still take most of the market share, in terms of sales of dairy products.

The company has a big advantage with technology equipment and owns most of the standards, so the production line is in accordance with all the mentioned standards, which creates “Trust”. Even though, the pandemic situation has caused a small negative impact of the company, it still managed to beat all its competitors on the Czech Market (Euromonitor internacional, 2020).

At the end of the thesis, the SWAT analysis highlighted all the necessary points of the company, its advantages and disadvantages, with possible threats and opportunities.

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