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**Faculty of Economics and Management**

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**Diploma thesis**

**ABSTRACT**

**Evaluation of the product launch**

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**Summary:**

This diploma thesis deals with evaluation of the process of launching new product into the market. The investigated product is called Artline and it is a design fenestration solution for residential housing. The product was launched into the domestic market in 2012 (1Q) and in the Czech Republic is sold by a Czech company called Sapa Building System s.r.o.

Selected intercompany issues and situation on the domestic market, regarding the Artline solution, were analyzed. Based on the preliminary research, five most important challenging areas were defined; marketing activities, marketing strategy adaptation, technical support to customers, distribution process, and finances.

By means of semi-structured interviews and questionnaires spread among the company's employees as well as its customers, further research was conducted. Based on the results, particular recommendations were proposed to the company. Those recommendations might be further used in the process of launching a new product, an upgraded version of Artline, called Artline XL, scheduled for the end of this year.

**Keywords:**

Product launch, Marketing communication, Advertisement, Artline solution, Competition, Financial funds, Sapa Building Company, Aluminium

# **1. Introduction**

This diploma thesis deals with the investigation of the process of launching new product into the market. The particular product is called Artline and might be characterized as a luxury fenestration solution for residential housing. It is manufactured by international company Sapa Building System operating on the aluminium fenestration solutions market and producing different kinds of aluminium profiles used for further processing to windows and doors frames. The product was launched into the domestic market at the beginning of 2012 and in the Czech Republic is sold by a Czech company called Sapa Building System s.r.o.

The situation on the domestic market and specifically the environment of the Artline product is analysed in the empirical part of the thesis. Based on the research, which deals mainly with challenging areas concerning the Artline performance on the market and selected intercompany processes, particular recommendations were proposed to the company.

## **2. Objectives and Methodology**

### **2.1.Objectives**

The objective of the thesis is to evaluate the current situation on the market where the company Sapa Building System s.r.o. operates and particularly to analyze the environment where the investigated product “Artline solution” is sold. The purpose of this analysis is to define the most important challenging areas in marketing and also other processes concerning the product. Finally the main aim of the thesis is to improve those currently used procedures and particular steps in order to enhance the overall selling performance of the product on the Czech market.

Partial objective of the thesis is the possible application of those improvements also for other similar markets or similar products within the company.

## **2.2. Methodology**

With respect to the main aim of this research which is not to provide the reader with lots of numbers and tables full of detailed information, qualitative approach was preferred rather than quantitative one. The main purpose of this kind of method is to deeply investigate the area and to explain the wider implication of it. Nevertheless it cannot be said that purely qualitative approach was used. So finally a mixed method approach was chosen as the most appropriate for this particular research.

By means of informal interviews and observation within two company meetings/seminars, five most important challenging areas were defined; marketing activities, marketing strategy adaptation, technical support to customers, distribution process, and finances. By further research which was conducted by means of semi-structured interviews and questionnaires, those particular areas were investigated into detail. Four groups of respondents were addressed. Group A is represented by management of Sapa Building System s.r.o., Group B by marketing managers responsible for different European markets, Group C by the rest of the employees of Sapa Building System (international blend), and finally Group D by customers, direct and indirect. Questionnaires were spread among the selected groups of respondents either electronically or personally during different intercompany meetings or appointments with customers through selected management employees, in order to reach the highest possible response rate.

By means of secondary data analysis, evaluation of direct and indirect competition, impact of the economic crisis on the building industry, and SWOT analysis were conducted in order to understand the product's environment from a complex point of view.

## **3. Literature review**

The theoretical part of the thesis was written based on theoretical background gathered from various literature and internet resources. This part is focused on the concept of marketing in general and then particularly among others on marketing mix and marketing communication. Moreover, the international marketing strategies were studied, which is, according to the author's point of view, very interesting topic.

## 4. The empirical part

As mentioned in the methodological part of the thesis, the main focus was on the overall evaluation of the market with regard to the Artline product. The company Sapa group and its divisions were characterized. Then the product as such and its features together with its customers were introduced. The evaluation of direct and indirect competitors based on gathering and analysing secondary data was conducted. It brings new information for the company as due to many reasons the competitive analysis has not been done since the product was launched.

The analysis of previously defined challenging areas helped to summarize the most important facts useful for the company in form of specific recommendations.

### Outline of the chapter

- Marketing activities
  - *Customer care*
  - *Media and Advertising*
  - *Artline websites*
- Marketing strategy adaptation
- Technical support
  - *Number of cooperating fabricators*
  - *Technical training*
  - *Technical documentation*
  - *Technical innovation*
- Distribution process
- Financial funds

## 5. Conclusion

After the product was launched into the Czech market, it was evaluated as highly competitive due to its uniqueness and relative low direct competition. Nevertheless, many procedures and particular steps were defined as insufficient and the position of a market leader was not perceived as sustainable. This became obvious with introduction of a new

competitive product by Schüco and its new solution ASS 77 PD. The intercompany difficulties caused by joint venture of Sapa and Hydro groups even made the situation more problematic, especially in terms of deficit in financial funds provided from the Sapa Building System at the end of the year 2013. At the same time, rapid increase in the rate of exchange of EUR/CZK by approximately 11% influenced the company's financial performance. The whole situation was, since the product was launched, affected by economic crisis and its impact on the building industry, particularly on residential housing construction.

The budget cut at the end of 2013 caused many crucial changes within the local company, specifically; rationalization, marketing budget cut, and local warehouse shutdown. These factors have directly affected the company's growth, its competitiveness and the overall selling performance which indirectly influenced and further will influence also the selling performance of the Artline solution.

Moreover, it must be taken into account that some of the difficulties and the overall situation explained above will be rather complicated to change within the local company. The most important decisions are in competency of Sapa Building System.

However, according to majority of respondents, Artline solution has got still big potential on the Czech market, especially when considering that new, innovative version is going to be launched at the end of the year 2015 into the domestic market. Proposed recommendations stated in the thesis might help the product to be to certain extend more competitive and consequently successful.

## **5.1. Discussion**

During my work on this thesis I realized that this topic is very interesting and offers a lot of potential to be studied, e.g. the topic of comparing potential of the Czech market with other markets, where Sapa Building System operates, might be very interesting as a topic for any further research. It would show, whether the decision of the budget cut was really a good strategic step within the company, or not.

Eventually investigating to which extend should the company standardize or adapt its international marketing strategy would be fascinating topic with potentially useful outcome as well.

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