

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Diploma Thesis

**Analysis of communication strategy of Karlovarské
minerální vody, a.s.**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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DIPLOMA THESIS ASSIGNMENT

Veronika Torlakian

European Agrarian Diplomacy

Thesis title

Analysis of communication strategy of Karlovarské minerální vody, a.s.

Objectives of thesis

This master thesis deals with the communication strategy of Karlovarské minerální vody, a.s., and its advertising campaign that was used in 2014 in order to promote the brand Aquila První voda, which became a subject of the analysis. The main objective of the work is to evaluate existing communication strategy of Karlovarské minerální vody, a.s. based on the results of the analysis and research made in this thesis to propose necessary improvements. The thesis is divided into two parts – theoretical and practical. The first part deals with marketing and commercial communications, while the second part is dedicated to a description of the company Karlovarské minerální vody, a.s. and the Aquila brand. Some part is also devoted to the research of the Czech market of soft drinks. In the conclusion of my thesis there will be a summary of my findings and suggestions for the future communication campaigns.

Methodology

The method that I chose to use in this thesis is analysis, complemented by discussion and subsequent evaluation focused on the communication campaign AquaBabes.

The practical part will first of all be focused on analyzing the Czech market with soft drinks. Particularly, the evaluation of the latest trends in the consumption of bottled water. Then I will analyze the macro environment using the system of PEST analysis. It will be followed by the analysis of micro environment through Porter's five forces system, with the particular emphasis on competition, including a brief presentation of the communication campaigns.

Further down in the practical part I will briefly introduce the brand Aquila and the company Karlovarské minerální vody, a.s., including the most important moments of its history, which even today affect its position on the Czech market. I will map out of the reasons for launching the campaign, the election of marketing objectives and strategies, selection of target groups and specific marketing mix. This will be followed with the SWOT analysis, description of the tools of communication mix used during the AquaBabes campaign. Communication activities abroad will also be mention.

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ARMSTRONG, G. – KOTLER, P. *Marketing*. Praha: Grada, 2004. ISBN 80-247-0513-3.

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Declaration

I declare that I have worked on my diploma thesis titled "Analysis of communication strategy of Karlovarské minerální vody, a.s." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any other person.

In Prague on 31.03.2016

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Analysis of communication strategy of Karlovarské minerální vody, a.s.

Summary

This master thesis deals with the communication strategy of Karlovarské minerální vody, a.s., and its advertising campaign that was used in 2014 in order to promote the brand Aquila První voda, which became a subject of the analysis. The main objective of the work is to evaluate existing communication strategy of Karlovarské minerální vody, a.s. based on the results of the analysis and research made in this thesis to propose necessary improvements. The thesis is divided into two parts – theoretical and practical. The first part deals with marketing and commercial communications, while the second part is dedicated to a description of the company Karlovarské minerální vody, a.s. and the Aquila brand. Some part is also devoted to the research of the Czech market of so drinks. In the conclusion of my thesis there will be a summary of my findings and suggestions for the future communication campaigns.

Keywords: Marketing, communication strategy, marketing mix, Karlovarské minerální vody, Aqualia, AquaBabes.

Analýza komunikační strategie společnosti Karlovarské minerální vody, a.s.

Souhrn

Tato diplomová práce se zabývá komunikační strategií společnosti Karlovarské minerální vody, a.s. a její reklamní kampaní, která byla použita v roce 2014 s cílem podpořit značku Aquila První Voda, která se stala předmětem analýzy. Hlavním cílem této práce je zhodnotit existující komunikační strategie Karlovarské minerální vody, a.s. Na základě výsledků analýzy a výzkumu, provedených v této práci byli navrženy nezbytné zlepšení a změny. Práce je rozdělena do dvou částí - teoretické a praktické. První část se zabývá marketingovou a komerční komunikací, zatímco druhá část je věnována popisu společnosti Karlovarské minerální vody, a.s. a značce Aquila. Některá část je věnována výzkumu českého trhu nealkoholických nápojů. V závěru práce je shrnutí mých zjištění a návrhů pro budoucí komunikační kampaně.

Klíčové slova: Marketing, komunikační strategie, marketing mix, Karlovarské minerální vody, Aqualia, AquaBabes.

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Introduction

Marketing communication is really important for businesses nowadays, especially for gaining new and retaining existing customers. Products are not that distinguishable from one another from a functional point of view and are often almost identical, which applies to the category of bottled water. In such cases properly selected communication strategy is a key tool that is widely used to differentiate from competitors and obtain a desirable position in the minds of consumers.

Consumers, however, are also getting more and more opinionated. They gain more of an insight view on products, do not trust the commercials blindly and make their research before buying any kind of product. Thus, consumers are more demanding. That is why companies should evolve as well, do opinion researches and seek understanding of what are their customer's new needs.

Marketing communication is needed on every step of the product developing cycle. The most important, however, is intensive communication with a targeted audience while putting a new product on the market. However, even bad advertisement or negative publicity can oftentimes lead to the fulfilment of the objectives in the form of an increase in sales volume, brand awareness, etc.

In my thesis, I would like to specifically address the communication strategy of Aquila brand, which falls within the portfolio of brands of Karlovarské minerální vody, namely the promotion of bottled spring water under the name of Aquila První voda. Special emphasis will be placed on AquaBabes campaign, which took place in the summer of 2014.

The main aim of this study is to evaluate the effectiveness of the communication strategy, define any shortcomings and propose solutions to improve the communication strategy.

The method that I chose to use in this thesis is analysis, complemented by discussion and subsequent evaluation focused on the communication campaign AquaBabes.

The thesis is divided into two parts - theoretical and practical. It consists of six chapters, the first two are purely theoretical. The first part will consist from interpretation of general terms and definitions related to marketing communications and marketing in general. It will explain the concepts of marketing mix and strategic marketing. This part will then serve as a theoretical basis for chapter in the practical part of the thesis. Additional attention will be devoted to communication process in general and the process of creating communication strategy, including setting its objectives. Further I will focus on the description of the individual instruments of communication mix. Special attention will be devoted to advertising and media.

The practical part will first of all be focused on analyzing the Czech market with soft drinks. Particularly, the evaluation of the latest trends in the consumption of bottled water. Then I will analyze the macro environment using the system of PEST analysis. It will be followed by the analysis of micro environment through Porter's five forces system, with the particular emphasis on competition, including a brief presentation of the communication campaigns.

Further down in the practical part I will briefly introduce the brand Aquila and the company Karlovarské minerální vody, a.s., including the most important moments of its history, which even today affect its position on the Czech market. I will map out of the reasons for launching the campaign, the election of marketing objectives and strategies, selection of target groups and specific marketing mix. This will be followed with the SWOT analysis, description of the tools of communication mix used during the AquaBabes campaign. Communication activities abroad will also be mention.

In the conclusion of the thesis, I will evaluate the success of the communication strategy, define the strengths and weaknesses of the project and, where appropriate, propose solutions for improving the communication strategy.

I hope that this thesis will be beneficial for the company as a new view on the subject and perhaps even help to adopt new measures within the framework of the follow-up campaigns.

1. Basic concepts of marketing

Modern marketing is based on satisfying the needs and wishes of customers. It seeks to obtain the attention of new clients and the loyalty of the existing ones. Marketing activities start long before the product launches and begins to run throughout its life cycle. For this purpose, companies conduct consumer research, analyze complaints, evaluate data regarding warranties and service. Proper understanding of customer needs is key to the development of marketing strategies and subsequent marketing mix.

1.1 Marketing mix

After determining the marketing strategy, a company starts to discuss the contents of the marketing mix. It can be defined as a set of operational marketing tools which help the company to adapt a product it offers to the needs of the targeted market. Additionally, through these set of operational marketing tools the company can influence the demand for specific products and services in its own favor. The marketing mix is also known as the file "4Ps" (KOTLER, 2007, p. 38-45):

- 1) **Product** - product policy;
- 2) **Price** - price policy;
- 3) **Place** - distribution policy;
- 4) **Promotion** - communication policy.

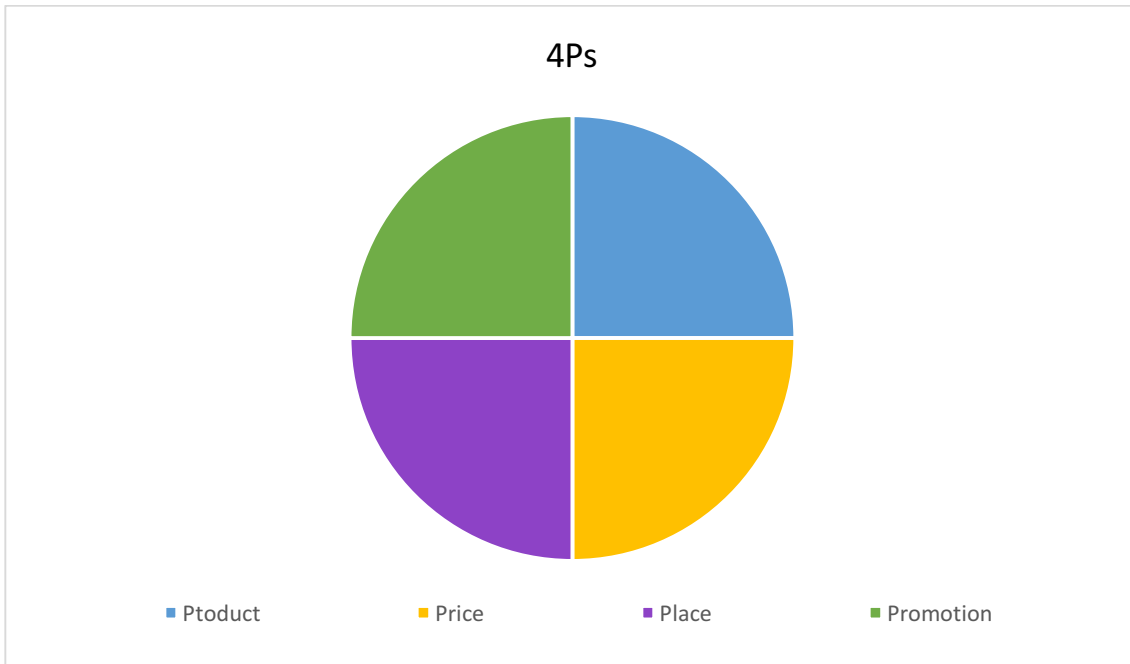


Table 1 The marketing mix model also known as "4Ps" (KOTLER, 2007, p. 38-45).

1.1.1 Product policy

Product consists of all the goods and services that constitute the company's offer. Marketing understands the product in a very complex way. For instance, in the marketing perspective every product has four layers. The first one is a core of the product, which consists of its technical parameters (e.g. chemical composition) and the ability to fulfil its purpose. In the developed countries, however, the importance of the core decreases over time and consumers are looking primarily for the outer layer. The second layer is called perceivable product and includes the packaging, style and quality of the brand. The top layer includes services that come together with the product such as installation, provision of guarantees, service, delivery, credit sale. The most important is how the product is perceived by the consumer. Ideally, it should be viewed as an easy solution to the customer's problem (KOTLER and ARMSTRONG, 2004, p. 381–387).

The product has the ability to communicate with consumers through the **brand**, **design** and **packaging**.

In order to make a **brand** function as it should, a company needs to think about its long term goals, which involve legal protection, communication of the said product with the public and how is it identified with the company. Brand usually consists of the name, logo, slogan, representative and melody.

Different strategies are associated with promotion of the brand. One of them is related to the fact that the company assigns a name to each of their products, which allows them to target certain segments. On the other hand, this strategy brings substantial promotional costs. Which forces some companies to adopt another strategy according to which they use the same name for all their products. In this case, the strong side is the economic profitability of this strategy. However, if the consumer had an unpleasant experience with one of the products, it would be quite logical to assume that he would have negative associations with the entire brand. A third strategy known as individual brand family is to some extent a compromise solution. The name of the product is formed by combining the enterprise's name with another name (e.g. Braun - Braun Sixtant) or by derivation (e.g. Dior - Diorissimo).

At first only producers worked with brands. However, since 1970s they were joined by traders that were using brands in order to differentiate from their competitors on the oversaturated consumer markets. Surveys carried out in Western Europe found out that a significant number of consumers consider retail and manufacture brand as fully equal (Zamazalová, 2010, p. 169–173).

Speaking about the **design** (look and shape of the product), a harmony between ergonomics, functionality, elegance and aesthetics is required. Attractive design can contribute to the product sales due to its ability to inspire interest and popularity among consumers. On the other hand, this may increase the cost of the product. However, if the design is done well, the company would not have to spend extra money on other communication activities, since the suitable design has the ability to communicate externally about ways to use the product and also about its affiliation to the company. Ideally, good design is able to induce desired emotions in consumers regarding the product.

The last thing the company needs to focus its attention is **packaging**. Although there are four types of packaging, this part will deal only with consumer packaging, meaning cups, bottles, cans, bags, etc. Their task is to ensure the sale of the final products to the consumers, that often make the final decision to buy something only at a place of purchase. This is exactly why the packaging should engage their attention. It is well illustrated at self-service shops, where there is room for impulsive purchases. Consumers initially perceive color, then form and only then words and numbers. It may also be desirable to distinguish the packaging of the product from those of competitors. In order

to gain competitive advantages through packaging producers provide extra service in the form of easier opening of the container etc. In the case of bottled water among others we can, for instance, see something like special sports caps.

Packaging becomes a carrier of certain information about the country of origin, manufacturer, distributor, composition, method of use, date of production and consumption. Nowadays more and more people are looking for the ecological function of packaging, which gradually transforms into a marketing function. Some consumers prefer packaging to be environmentally friendly, manufacturers are aware of that and highlight such characteristics in their advertising campaigns. Increasingly popular are packages that have an alternative use after the consumption of the actual product.

One of the other functions of packaging is to protect its contents from environmental influences (e.g. humidity) and mechanical damage during transportation. It should also facilitate manipulations with the product at the store and, in the case with foods, ensure a longer shelf life (KOTLER, 2007, p. 624-630).

1.1.2 Price policy

Apart from the product, marketing mix also involves the price. While setting the price, it is advised to base it on „5C“:

- 1) **Cost;**
- 2) **Competence;**
- 3) **Comparability;**
- 4) **Competition;**
- 5) **Communication.**

Cost here is not merely mean the normal cost calculation. The company must also include a prediction of economic development, potential risks, tipping point and the marginal cost. Regarding the competence - it examines what is the application of the product and who is its target audience. It is necessary to assess the strengths and weaknesses of the product as well as its features in comparison to competing products in the market.

While analyzing the competition, the company should also monitor its pricing strategy, through which it attempts to achieve greater market share. For instance, a

strategy known as price leader is based on the fact that when the brand occupies a higher price level in the industry for a long period of time, it usually highlights quality in its communication campaigns. On the other hand, when the brand uses a strategy known as a cost leader and identifies itself with the lower price limits, it usually focuses on middle and lower classes and communicates with them through low price achieved by discounts in supermarkets or seasonal sales.

The other relevant thing for setting the price is communication. It is important that the price reflects the chosen marketing strategy. It should be noted that for certain commodities a higher price resembles quality. In this case, to a certain extent, basic economic proposition (when the price is increasing the demand is decreasing) does not apply (Kotler and Keller, 2013, p. 461-491).

1.1.3 Distribution policy

An integral part of the marketing mix is distribution, which lies in transferring of products from producer to final consumer. It includes not only the physical transportation of goods, but also the purchase, sale and implementation of communication activities, movement of information and money and provision of after-sales services. Distribution channels should be planned in a way to suit the particular needs of the customers and take into consideration their geographical allocation and social situation. It is important to make the product available at the right time, right place, in the right quantity and quality. Companies often invest considerable financial resources in distribution; therefore, these costs contribute significantly to the final product prices.

We distinguish between direct and indirect distribution channels, as well as combinations of them. In the case of direct distribution channels, manufacturer is selling a product or providing a service directly to the customer. The advantage of this kind of distribution is that the manufacturer gets instant undistorted feedback, a full control over their products and do not pay commission to intermediate distributors. On the other hand, the manufacturer bears all business risks and cannot fully concentrate on production. Direct distribution channels include administration of corporate stores and direct marketing.

In case the manufacturer chooses an indirect way of distribution, it uses the services of intermediaries, e.g. wholesale, retail stores, sales agents. Their objective is to

limit the number of transactions necessary to secure the supply of goods from various producers to the consumers. Producers benefit from the fact that they could disburse less financial resources and, ultimately, achieve greater production and higher profits. However, there is also a decrease in profit, since the manufacturer must share with the intermediaries. This way of distribution also weakens the manufacturer's control over the conditions of sale and complicates getting feedback. Since there are more manufacturers on the market than distributors themselves, manufacturers must somehow persuade intermediaries to buy their products (Karlíček, 2013, p. 214-221).

Intermediaries are divided into four general types (Kapoor and Kansal, 2005, p. 51-66):

- 1) **Merchant Wholesalers;**
- 2) **Brokers and Agents;**
- 3) **Manufacturer;**
- 4) **Export and Import Distributor.**

However, for the purpose of this thesis we are interested only in the first two types as well as in **supporting intermediaries**.

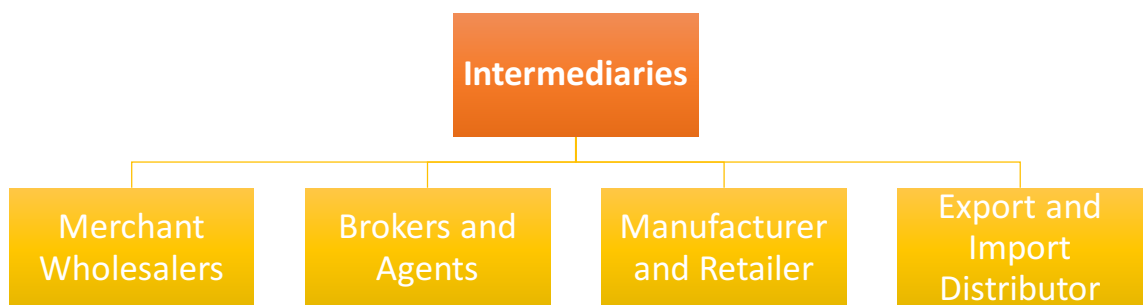


Table 2 Types of Intermediaries (Kapoor and Kansal, 2005, p. 51).

Merchant Wholesalers buy products from various manufacturers and offer and a offer complete assortments of products as well as a variety of additional services. Trade on account of the homeland and the risk is transferred to the ownership of these goods. Traditionally, these retailers and wholesalers. They trade on their own account and risk, since they have to buy goods before they can sell them.

Brokers and agents, on the other hand, do not own goods and act only as representatives of manufacturers, giving them assesses to the potential markets and business partners. They negotiate terms and conditions, distribute information about manufacturers' products, etc. Brokers and agents receive a commission for their services (Kapoor and Kansal, 2005, p. 51-54).

As **supporting intermediaries** operate mainly haulage companies, banks, insurance companies, advertising agencies, etc. (Zamazalová, 2010, p. 231–232).

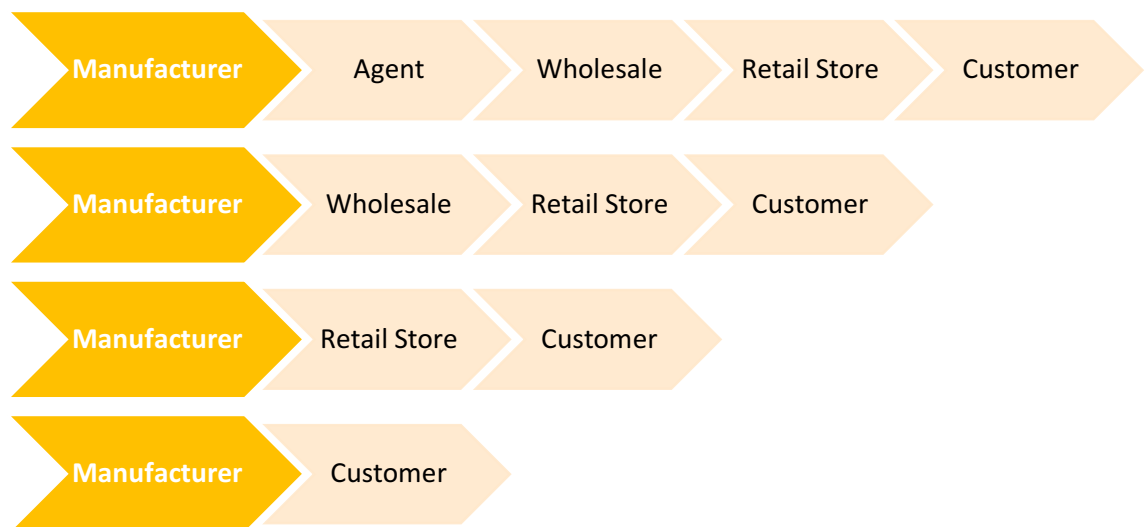


Table 3 Distribution channels (DĚDKOVÁ, 2014).

The picture above illustrates options of distribution channels for consumer markets. In practice, it happens that the manufacturer (or even wholesale) offers the same product with two or more distribution channels that are competing with each other. The reason for that is an attempt to lower the risk. There is also a reverse distribution channel, which main objective is environmental protection (buyout of used bottles).

The size of the distribution channel is determined by the number of intermediaries involved. On that basis, we distinguish between three distribution strategies:

- 1) **Intensive;**
- 2) **Selective;**
- 3) **Exclusive.**

Intensive distribution strives for maximum market penetration. This means that the product is offered in the largest possible number of stores in the area. **Selective** distribution involves the use of a relatively smaller number of intermediaries. This strategy allows closer cooperation between producer and distributor and is suitable for durable goods offered at a higher price. In this case guidance from the retailers is expected. In cases of **exclusive** distribution, the manufacturer carefully selects one or more suitable distributors for a certain area that will receive the exclusive right to sell products or services. This form of distribution contributes to the prestige of the brand and makes it possible to set a higher margin. This applies to luxury goods, e.g. cars (KOTLER and ARMSTRONG, 2004, p. 555–556).

1.1.4 Communication policy

Communication also belongs among the marketing mix. It is further divided into internal - towards employees and external - primarily towards existing and potential customers. Regarding the topic of this thesis, the problem of communication will be rewired in a separate chapter (1.3).

In the conclusion of this subchapter it is important to say that the product can be considered the most important tool of the marketing mix. Because the client, who for some reason was not satisfied with the product or service, will not be repurchasing nor due to good advertising, nor due to acceptable price.

1.2 Strategic marketing and marketing planning

Strategic marketing significantly influences the overall operation of the company, including its future activities. It is therefore necessary to thoroughly analyze the micro and macro environment and market. As part of a strategic marketing a company chooses

a targeted market and segments, on which it will subsequently focus. As a result, it might offer products or services to all consumers in the market without distinction, or can focus only on a number of markets, or adapt their products to exactly meet the needs of individual customers. The process of selecting the targeted market consists of three elementary steps described below.

- **Segmentation** is the division of the market into several consumer groups which are characterized by internal homogeneity and external heterogeneity. This means that customers within a group have similar features and reactions to marketing mix, while different groups may differ from each other in their needs and behavior. There are several techniques of segmentation - psychographic, behavioral, geographic and demographic. The main goal of those techniques is to detect precisely the differences in requirements and needs.
- Segmentation is followed by **targeting**, which studies the potential of individual segments and then selects one of them. Obviously, a company can be targeting multiple segments at a time.
- **Positioning** is intended to make the brand engage customer's interest and occupy a certain position in their minds that differs from the competing brands' position. It is therefore a differentiation from competitors.

Strategic marketing is implemented in four steps:

- Strategic situational analysis;
- Designing a marketing strategy with the strategic plan as an output;
- Implementation and management of marketing strategies;
- Creating marketing programs (Jakubíková, 2013, p. 160-172).

The final strategic plans do not contain information on how to fulfill strategic objectives. Marketing planning aims to promote the main mission of the company and the market and is dependent on major corporate and marketing objectives. Marketing planning is carried out in several steps, not very different from the steps of strategic planning. The intention is to develop a marketing plan that addresses only the marketing activities of the company in the market. Tactical marketing plans are always associated with a shorter time horizon; within which it is primarily oriented towards marketing mix. The individual steps of marketing planning are presented below.

- **Situational analysis** is divided into an analysis of the current macro and micro environment, and internal business environment. It includes all the variables that could possibly improve or worsen the status of the company. The result of such analysis are known as SWOT analysis, which includes the detected strengths, weaknesses, opportunities and threats.
- **Determining marketing goals.** They differ from the company goals, since they are applied only to marketing department, not to the whole company. Achievement of marketing goals contributes to meeting the overall objectives. According to the policy such goals should be specific, measurable, acceptable, realistic, comprehensive, concerted, appropriate, divided into time lines and derived from the desires of the customer.
- **The formation of such marketing strategies** that will help to achieve marketing goals. In the first phase, the company selects a target market, then determines positioning and finally selects a marketing tool. The first two phases belong in strategic marketing planning, the third extends into tactical marketing planning, the essence of which is to determine the product, price, distribution and communication strategies.
- **Implementation of marketing strategies.**
- **Control of marketing strategies** provides the systematic comparison of currently ongoing activities with predefined goals, which enables continuous modification of the strategies. Sometimes company needs to implement deeper control, which is called a marketing audit. It can be performed by internal entities or by independent third parties hired purposefully for that task.

Marketing plan implements the final marketing strategy into practice. It is carried out through creating a specific assignment of tasks, dividing them between employees of the company and setting deadlines for their realization. The regular part of the marketing plan for a given year are: the results of the situational analysis, marketing goals, marketing strategy (product, price, distribution, communication mix), the actual action programs and their budgets. There should also be a detailed description of how to perform inspections and timetable for evaluating to what extent the company fulfills the objectives.

In order for a marketing plan to become a quality tool, it must be able to respond flexibly to the changing market situation. Company managers while fulfilling marketing

plan rely on more detailed operational plans. Those are developed for the period of one or two months and include guidelines for exercising individual activities, appoint a responsible persons and determine the deadlines (Zamazalová, 2010, p. 25–31).

1.3 Marketing communication and communication strategy

Marketing communication lies in the transfer of commercial and non-commercial communication to market entities through marketing means. Previously it was divided into two different areas. Nowadays, however, these two areas are rather blurred.

1.3.1 Communication theory

Marketing communications is often associated with the so-called communication process, the essence of which is the transfer of the message from the sender (e.g. company) to the receiver (e.g. customer). The communication process consists of eight elements: sender, message, encoding, media, receiver, decoding, feedback and noise (Kotler and Keller, 2009, p. 717).

- **Sender** may be an individual or organization that have already taken the initiative to send information. Prerequisite for successful communication is trustworthy, competent and attractive source. For these reasons, many companies collaborate with famous people and authorities. However, in some cases, the origin of the source is intentionally concealed.
- **Message** can be defined as a set of information sent via media, which is designed to get attention and ultimately cause the need in the receiver. (e.g. to own the product).
- **Encoding** ensures the transformation of information into a form that is understandable to the receiver. It is all about symbols, words, music, image etc. The final result of encoding can be seen in TV commercials or billboards.
- **Media.** Broadcast of information takes place via communication channels. We distinguish between channels controlled by the company and channels that the company has no control over (e.g. verbal references of satisfied/not satisfied customers).
- **Receiver.** Consumers, employees, shareholders and other interested individuals.

- **Decoding** means that the receiver of the encoded information somehow interprets it.
- **Feedback** is a receiver's response to the message (e.g. in verbal form or through buying the product). Obtaining feedback is an important part of communication process, since future communication activities can be carried out based on it.
- **Noise** are factors that complicate the smooth adoption of the message (Přikrylová and Jahodová, 2010, p. 21-26).

There is a rule of so-called minimum impact of marketing communication, which suggests that if communication activities are not efficient enough to attract new customers to purchase a product, they should at least contribute to the loyalty of existing ones. Companies are advised to seek loyal customers because the associated costs of maintaining them are lower than the costs of attracting new customers (Pelsmacker, Geuens and Bergh, 2003, p. 75).

In order to be able to choose the correct communication strategy, one must be familiar with shopping decision-making process. Customer first identifies the **problem** (e.g. the need to own a certain product) and then collects **information**. It is essential for the company to provide seamless access to information, since the customer sometimes invests only a limited amount effort to find out about certain products. Then the customer evaluates **alternatives**. At this stage, there is a risk that the chosen alternative can outperform the original product. During the last phase of **purchase**, retailers have an important task - to reassure customers in the accuracy of his selection. During the **after-purchase behaviour**, the customer finally decides on possible fidelity of his choice. Its unconditional requirement is flawlessness of the product (Koudelka, 2010, p. 125-140).

1.3.2 Goals of marketing communication

Goals of marketing communication must be in line with the strategic marketing objectives (see chap. 1.2). Their choice, among other things, affects the product life cycle or target group. The following is a list of commonly determined goals.

- **Gather information** regarding the products and services or society as a whole.
- **Stimulate the demand**. The main goal is to increase sales volume without the need to reduce the cost.

- **Distinguish the product and/or company** from its competitors. Especially in the field of bottled water is a major goal, because its primary task is to quench your thirst. And it is not unusual for the consumers to consider water from various producers as homogeneous. That is why it is necessary to define the unique characteristics of products and services and promote them. This will help to minimize the dependency of the company on competition in pricing.
- **Build positive associations** about the product or the company itself in the minds of consumers.
- **Stress the values and benefits of the product.** The aim is to highlight the benefits associated with gaining the product or service.
- **Steady sales.** During the year retailers are faced with fluctuation in sales caused by, for instance, seasonality factor. Such fluctuation in demand pose complications in the form of increased costs. Marketing communication should be able to respond flexibly
- **Build the brand and take care of it.** Marketing communication inherently forms public awareness about the brand, builds the desired brand image and supports the creation of long-term relationships between the brand and the customers who have been identified as target group.
- **Strengthen the image of the company.** In order to strengthen the image, the company should develop long term, unified communication activities. For this purpose, the same logos and slogans are used for a prolonged period of time and undergo only minor modifications (Zamazalová, 2010, p. 257–258).

1.3.3 Determination of a communication strategy and its budget

In practice, there are two main communication strategies - "push" and "pull".

In case the seller practices "**pull**" strategy, it means that he attempts to increase the demand. Manufacturer with personal market only focuses on the first few trade intermediaries such as wholesalers and exporters. In addition to the product they usually add instruction manuals or other accompanying literature or pay fees to retail chains for a better product display shelves. In this case, among the most frequently used tools of communication mix are advertising and sales promotion. A great example of the communication strategy might be the sale of soft drinks during sport and cultural events.

Considerable interest of participants in offered drinks during such events can be an impulse for intermediaries to include the product in their portfolio.

On the other hand, a "**push**" strategy is used to motivate representatives of business intermediaries to ensure the rapid transfer of the products to final consumers. Communication with the distributor in this case includes bonuses for successful retailers, trade discounts, advertising campaigns. As for the tools used in this strategy, it is all about personal selling and sales promotion (Přikrylová and Jahodová, 2010, p. 50-52).

Proper timing of communication activities should not be underestimated. Before the product or service even appears on the market, there should be proper advertising and PR campaigns. The same applies to the process of product's introduction. During the after-sales phase, it is advisable to practice impersonal communication, which has a reminding function.

Budget is based on the life cycle of the product. At the beginning of the cycle communications costs clearly outweigh the gain. Companies spend considerable amount of money on the presentation of the new product to the customers. During the growth phase revenue and cost of the communication campaigns become equalized. During the maturity phase spending decreases and sales increase. For the company it is advantageous to increase the budget during this phase, since extra money spent on communication generates additional income in the future. Methods of budgeting are listed below (Pelsmacker, Geuens and Bergh, 2003, p. 179-192).

- **According to the possibilities of the companies.**
- **Percentage from sales** (past or predicted). This method does not guarantee a flexible response to changes occurring in the market. Moreover, with this method when sales decline, communication expenses decrease as well. In reality, however, the exact opposite reaction is desirable.
- **Fixed amount** per unit of production. Such method of budgeting is frequently used by the producers of luxury goods (consumer durables).
- **Monitoring of competitors** has two forms. Either company can copy communication expenses incurred by its competitors, or may spend a percentage of the profits, which is commonly expended for communication activities in the field.

- Method based on **achieving the goal**. The company establishes communication goals, which must be realistic and easily measurable. Then decides about the activities, through which it will be possible to achieve desired goals and defines the amount of money to spend. Activities and the assigned amount of money become the basis for the budget (Pelsmacker, Geuens and Bergh, 2003, p. 179-192).

1.3.4 Evaluation of the effectiveness of the communication

While evaluating the effectiveness of communication we face the problem: it is impossible to distinguish exactly which effects are the result of the last communication campaign, and which effects are the result of previous communication campaigns. Among the most measurable tools of communication mix are direct marketing and advertising on the Internet.

For the purpose of measuring effectiveness **selling test results** are used. During the actual testing it is monitored how much revenues the company gain due to the amount of investments in communication activities. The disadvantage of this method lies in the fact that it could not exclude other factors on the market, such as changes in the pricing policy of competitors.

An alternative method is an indirect evaluation of effectiveness through detection of what customers know about the product. Various questionnaires are examined in order to find out what respondents remember about product characteristics. Questionnaires are also used to collect information about changes in brand awareness, as well as how do customers' attitudes towards the products change over time. Data on the amount of viewers, listeners, readers, etc. of the advertisement is also gathered, however, the question whether a large number of times an advertisement on the Internet was viewed will actually lead to an increase in sales remains.

The selling sensors and scanners gather sales data using modern cash registers in stores. This valuable data is then goes in a database and assist companies in changing their marketing mix (Zamazalová, 2010, p. 267–268).

In 2010, Ogilvy company conducted a survey on this topic and interviewed approximately 300 major Czech marketing managers. It found out that more than 40% of

the respondents do not evaluate the effectiveness of the funds they put into campaigns. Approximately 9/10 of respondents, however, somehow examine the response of their campaigns - 41% monitor the increase in sales, 31% monitor the increase in brand awareness, 16% monitor improvement in brand perception.

Three-quarters of surveyed firms evaluate the creativity of a TV spot before running it. Simple animations predominate here. Viewers in the studio show their positive or negative reaction to the spot by pressing a button. Regarding post-tests in TV commercials, they are carried out by 77% of respondents, however, the majority of them do not compare it with the performance indicator within the categories. Success of online advertising is examined primarily on the basis of indicators of traffic on the website. In the field of public relations, it is the most commonly used combination of qualitative and quantitative methods. The effectiveness of direct communication companies measure by the increase in the number of contacts. In case companies are active on social networks like Facebook and Twitter, they watch the number of fans and "followers". A secondary evaluation criterion for Facebook is the number of "likes", for Twitter the number of clicks on the links to relevant websites.

Almost 70% of respondents devote at least one percent of the total marketing budget to the evaluation of their communication. Furthermore, it was found that the reward that advertising agencies get, in most cases, does not depend on the success or failure of the campaign (Ogilvy, 2010).

2 Tools of the communication mix

As mentioned above, communication mix is a part of marketing mix. It consists of several tools, the impersonal form of communication is represented by advertising, sales promotion, direct marketing, public relations and sponsorship. Personal form of communication is represented by personal selling. Trades and exhibitions represent a combination of both of these forms.

2.1 Advertising

Companies that use advertising are trying to inform existing and potential customers about the benefits of their products through various media. Advertisements are expected to contribute to increase in their revenue. Producers of soft drinks generally belong among entities with the highest share of advertising cost.

Inform, persuade or remind of the offer - these are much more realistic goals, which ultimately may help increase the likelihood of a customer's purchase. During the phase of launching a new product on the market informational advertising is used to announce the availability of the new product. In subsequent phases of the product life cycle persuasive advertising is applied, its purpose is to raise the demand. Towards the end of maturity stage companies begin to deploy reminding advertising, which is supposed to keep the product in the minds of the target groups (Přikrylová and Jahodová, 2010, p. 66-70).

Successful advertising has the ability to give the impression that the advertised product or service is high-quality. Due to that the company can afford to deploy a strategy of premium pricing. Even the subjects that are practicing primarily a personal form of communication often use advertising in order to improve the overall image. Sometimes companies are forced to deploy defence advertising, in order to convince the public of the necessity of their presence in the market.

2.1.1 Media

The choice of the right media platform for the transmission of advertising messages is absolutely crucial for maximizing the coverage of the target market. It can also prevent the company from spending too much money.

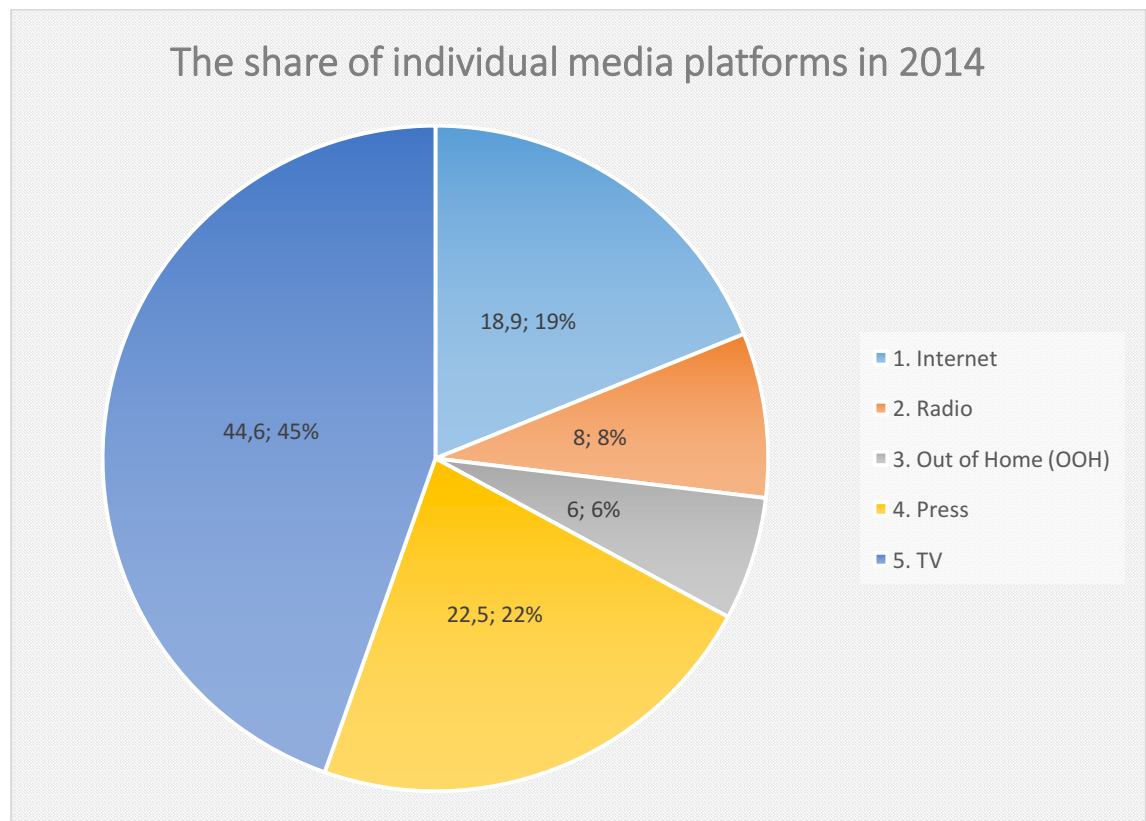


Table 4 The share of individual media platforms in 2014 (Inzertnivykony.cz, 2014).

The most used media platform in the Czech Republic is TV, with a 42% share. Approximately 22% of the advertising market is occupied by print advertising, however, the costs associated with it are falling slightly. Internet advertising has 20% share, while spending on online advertising in recent years has growing rapidly. Radio advertising has a share of 8%.

Companies that consider advertising on TV evaluate the following factors: targeting specific stations, the composition of their audience, the distribution of broadcasting time and the price per minute of broadcasting. The indisputable advantage of the audio-visual advertising is that it allows proper product demonstration, develops

its story, builds its image, creates the desirable emotions and sometimes even enables the sale.

Disadvantages lie in the high cost, lengthy preparation, lack of selectivity, the impossibility of rapid modification, limited space for communication. Needless to say, television spots have only a temporary effect. Spectators often watch television rather passively, while simultaneously being engaged in other activities. The public is generally overloaded with advertising on TV and often switches to another channel or just goes away from the TV. There is a long-term decrease in viewing this type of media, especially among younger viewers (VYSEKALOVÁ, 2010, p. 40-41).

The current situation in the Czech Republic is that the three largest television groups created a new nationwide TV station with a narrower focus, in order to prevent the outflow of its viewers. In 2013, the group had the largest viewership Nova, which was watched by 31.17% of viewers that were over fifteen years old, followed by a group of Czech Television with 29.84% of share and Prima group with 22.44% of share (Ato.cz, 2015). Every January, February, July and August, the viewership of the newer digital stations increases, because the majority of stations broadcast mostly reruns at that time. TV stations successfully respond to the needs of younger generations and introduce online broadcasts and video archives on the Internet, where is more space for advertising.

The costs of creating a TV spot is hundreds of millions of crowns. In order to perform the calculation rates for advertising space, an electronic TV audience meter detection at particular station at a given time block must first be done. Prime time (19:00-23:00) has the highest price. The final price is directly proportional to the number of affected viewers over 15 years old. Approximately 90% of advertising revenue are generated by Nova and Prima group (Mediaguru.cz, 2015).

Radio is seen rather as a complementary media platform that allows to spread temporary restricted content only through sound. People while listening to the radio are often engaged in other activities, e.g. driving or housework, and use it more as a background noise.

Radio advertising is characterized by a relatively lower price than the TV advertising. Because of its time flexibility it is suitable for building brand awareness, but also for notifying people about promotions etc. The preparation of radio spots takes

relatively less time. New technologies enable the mobility of listeners, which leads to prolonged listening (KŘÍŽEK and CRHA, 2008, p. 171-172).

The biggest amount of listeners radio stations have in the morning and afternoon. Its daily intervention is not as high as with TV - only about 63% of adults. Among the radio stations with the most listeners are Impuls, Evropa 2 and Frekvence 1. Radio stations usually do not sell their own advertising space, they are often represented by other companies like MMS and RRM. Price for airing one spot of 30 seconds on a radio station nationwide will cost 10-30 thousand CZK. Cost per Thousand will be about 130 CZK (Mediaguru.cz, 2015).

Unlike the previous two media platforms, **newspaper** have enough space for the creation of a larger message. A significant advantage is the speed of their preparation and publication. The reader can take the virtual newspaper with him anywhere and regulate the length and intensity of the attention he devotes to the text.

Although thematic sections are incorporated in the newspapers, it is advisable to use them in order to reach wider audiences. The disadvantages lie in the relatively short lifetime of newsprint and quite impractical format. That is why their Internet form is becoming increasingly popular.

Advertising can also be found in a vast variety of **magazines**, which differ in how frequent they come out as well as in their focus. Unlike newspapers, magazines are suitable for reaching a specific customer segment, since publishers are usually familiar with the profile of their readers. Another advantage is that readers most of the time view magazines as experts in their field. Magazines also enable companies to streamline communications using the presented product samples, brochures, covers etc. They also have a longer lifetime and readers can get back to them at any time.

The disadvantage of magazines is that between the entry of the advertisement and the date of the release of the said magazine passes a lot more time. It is therefore necessary to submit data for the advertisement in advance, which makes it difficult to adapt to the changing market situation (Přikrylová and Jahodová, 2010, p. 75-76).

Methods of implementation **outdoor** advertising include billboards, posters, advertisements on public transport, city light displays, signboards and many others. Some of them are widely used locally, for instance, to draw attention to the newly built shop.

Billboards, for example, are effective in the centre of major cities and at busy traffic junctions. Outdoor media resources are remarkable, since they function persistently and repeatedly, which allows them to affect people that are just passing by. They are suitable for spreading brand awareness, image building and influencing the buying decisions (VYSEKALOVÁ, 2010, p. 42-43).

Indoor media could be found in shopping malls, catering and sports facilities as well as in similar places where there is a greater number of consumers. Indoor media include LCD displays, advertising frames, floor stickers and many others. Indoor media may also serve to promote such products that under other circumstances are not legally allowed to be advertised (e.g. tobacco products).

Advertising in cinemas is particularly recommended if the target group include young people under the age of 35. The biggest advantage here lies in its audio-visual format. New technologies, particularly 3D, allow greater emotional experience of advertising in the cinema. In addition, nothing can distract the attention of the viewer, since he is unable to switch, turn off or mute the advertisement (Mediaguru.cz, 2015).

2.1.2 Czechs and advertising

In 2012, Factum Invenio agency did a research regarding the opinion of the Czech people on advertising. It came out that over a half of respondents do not trust the advertising, however, 36% of them purchase products on the basis of the advertisement. It is important to say that some of the respondents never admitted this fact. According to the research, women, younger people and people with higher income usually have a more positive attitude towards advertising, while individualists with leadership tendencies and people that are analytically focused perceive advertising as something negative.

Czech people mostly trust advertising at a place of purchase, however, they have big doubts about the characteristics and quality of advertised products (particularly food, non-alcoholic beverages, clothing and footwear). On the other hand - advertisements for food and non-alcoholic beverages most often lead to a purchase. The lowest level of trust have products that are advertised through SMS and MMS.

Advertised goods are considered to be more trustworthy than advertised financial services. Credibility of the test results that are sometimes mentioned in the advertisement

vary from one product category to another, however, the more often such results appear in the advertisements, the more it weakens their persuasive ability.

The survey also revealed that over a half of Czech respondents do not remember product placement in films and other audio-visual works. Others say that product placement for them usually does not matter, since it blends into action (FACTUM INVENIO, 2015).

2.2 Public relations

Public relations (PR) have a broader focus than other tools of communication mix. PR builds prestige, image and credibility of the whole company, strives for a unified and positive perception of the public, supports the smooth adoption of the ideas and products of the company, gaining feedback. PR plays an important role in crisis situations, when the major task is to prevent damage to reputation of the company.

Typical tools include the transmission of the message through journalists, independent experts and opinion-makers (so-called opinion leaders). However, companies may lose control over the content of the message in media. Moreover, the efficiency of PR is rather difficult to evaluate. Advertising and PR have many common features, but advertising is a rather short time tool that is focused only on customers. It also faces a greater degree of distrust and uses only mass media for communication purposes. PR activities are also associated with lower costs compared to advertising.

According to the theory of public relations, the general public is divided into two groups: internal (i.e. employees, owners, suppliers, customers, local authorities and communities) and external (residents, teachers, media, government agencies, financial institutions, associations, non-profit organization, lobbyists etc.). For the purposes of communication with the internal public, companies use corporate circulars, notice boards, annual reports, intranet, meetings, visits to factories or they sponsor local activities. In the case of communication with the external public, they use printed materials, provide interviews, conferences, materials for schools, lectures of managers at schools, scholarships or research funding as well as philanthropic activities (Pelsmacker, Geuens and Bergh, 2003, p. 299-318).

2.3 Sales promotion and communication activities at a point of purchase

The main goal of the sales promotion is to support the purchasing behavior of consumers, streamline the activities of the distributors and be a source of motivation for sellers. The tools of sales promotion are demonstrations, events, tastings, samples, coupons, discounts, loyalty rewards, competitions, participation in fairs and exhibitions, premiums for sales staff, gifts and souvenirs.

Sales support is often combined with advertising and particularly includes communication at the point of sale (POS) and Point of Purchase (POP). It influences consumers when they are making a decision on purchasing the product. It is proved that in the case with fast moving consumer goods (FMCG), 70% of purchases are not planned in advance (Foret, 2012, p. 130-131). The use of POS funds should be co-related with the messages distributed by other instruments of communication mix. This includes e.g. flyers, floor graphics, labels, models of products, LCD display etc. POS provides more space for detailed product information and purchase profitability.

It is also essential to achieve the appropriate presentation of products on the shelves in the retail stores (merchandising), so that the customer can perceive it not only visually, but also smell and hear it. This covers plastic mouldings, lighting, baskets, arranging, marked routes, secondary display in sales section, etc. A disadvantage of sales promotion is that in most cases it leads only to a one-time purchase. It should not be practiced too often, because it could give the impression that promoted items are unsaleable (Foret, 2012, p. 130-131).

2.4 Direct marketing

In recent years, there has been an evident trend of transitioning from mass marketing to direct marketing, which is based on communication with the selected group of consumers in order to induce a rapid response. Direct marketing is a combination of market research, sales promotion and advertising, which impact in this case is easily measurable. Some consumers, however, might consider rather irritating. Costs for the acquisition and implementation of appropriate databases is also quite high. However, the number of companies using direct marketing tools continues to grow.

Direct marketing tools are divided into four groups: direct mail, telemarketing, advertising, direct response and online marketing. Direct mail is the transmission of a communication in a written form. It is an invitation letters, postcards, brochures or catalogue. In the case with the so-called addressable mail, the text is intended to a particular recipient. In case with non-addressed mail is not associated with the name of a specific recipient, however, the target group segmentation is yet evident. Direct marketing is primarily used by the retail chains (Přikrylová and Jahodová, 2010, p. 94-106).

2.5 Personal selling

Personal selling requires a direct contact between a buyer and a seller, during which a process of selling to companies, distributors or final consumers should occur. It usually is a face to face contact, however, we can also come across telephone or electronic selling. The form of communication is easily modifiable, but less controllable. Moreover, it has a relatively smaller communication range, which, however, may be advantage in the case of release of defective products.

Sellers should always follow ethical rules that mandate their honesty, truthfulness, unobtrusiveness, etc. They should also meet buyers in areas that are most suitable for them - i.e. sales field. In retail counter sales prevails, but for convenience goods there is an evident shift towards self-service sales (Kotíková and Zlámal, 2006, p. 67-71).

2.6 Electronic media and internet communication

Internet offers many possibilities for branding - advertising campaigns, online PR, micro-sites, viral marketing, marketing support communities, "buzz" marketing, online games with embedded tags, consumer contests, emails etc.

Internet advertising allows to reach a large number of people at a short period of time and the cost of it is relatively low. The indisputable advantage is a fast response from the recipients and easily measurable impact. The distribution of advertisements takes place via e-mail or websites that provide space for banners and text ads, so the main disadvantage of this method is its impersonal nature. Entries in database catalogues and portals and search engines are among the most frequently used forms of text ads. Sponsored links in search engines, so-called PPC and priority listings in the catalogues

are considered very effective and less intrusive compared to banners. In order to achieve the priority listing in the catalogue a website optimization is done. Sponsorship websites are also regarded as advertising (Přikrylová and Jahodová, 2010, p. 215-219).

Internet PR most often include activities such as corporate websites, press releases, interviews via chat, newsletters, electronic newspapers and magazines, blogs, reviews, discussion on forums etc. An important role is played by prepaid PR articles in internet newspapers and magazines, which task is to inform the audience about new products.

Internet sales promotion uses the same tools as the classic sales promotion. Internet in some cases only serves for distribution of information on such activities. In order to support sales, so-called affiliate marketing is often used. It is a collaboration between the seller's site and the website, which refers to seller's products in order to gain a certain commission. The commission, however, is based upon the purchase of the product. To help customers orient better in the "e-shops" and can compare their prices, goods' search is often used.

Direct marketing on the Internet is practiced mainly through e-mails, however, it has to have quality content.

Internet users in recent years have been increasingly involved in content creation, which generates new opportunities for marketers, particularly in the area of communication. Users are active in forum discussions, wiki systems (e.g. Wikipedia), in clubs, groups, communities, blogs, site evaluations (e.g. Amazon); they share videos and photos on specialized servers (e.g. YouTube) give direct answers to firms or film amateur viral videos. Consumers that consider buying a product are influenced by references and recommendations published on the Internet by other consumers. These references have become a valuable source of information for manufacturers (Janouch, 2014, p. 15–21).

3 Analysis of the Czech market of soft drinks

The success of any communication campaign undoubtedly depends on a perfect knowledge of the targeted market and the trends associated with it. These are the trends in consumption of the product that is being advertised, however, it is also recommended to know the macro-environment of the business and particularly the sociological trends in society. While the analysis of micro-environment will provide important information about the communication activities of competitors and help to foresee the threats from the new competitors, for instance substitutes, that are just entering the market.

3.1 Trends in consumption of soft drinks

Over the last few years, there has been an evident decline in sales of bottled soft drinks in the Czech Republic since the peak in 2008. There is no doubt that lingering economic crisis associated with the reduction in the frequency and size of purchases made by consumers contributed a lot to this decline in sales, however, the company Veolia, which promotes drinking tap water, has influenced this decrease in demand as well.

On the other hand, sales of syrups, colas and energy drinks rather increase. Cola drinks are successfully promoted by premium brand manufacturers. In 2013, after many years of decline in demand, the category of quality juices finally remained stable, which was probably caused by a more evident tendency of the consumers to keep up with a healthier lifestyle. Buyers nowadays are more than ever concerned about the composition of food and beverages and refuse to consume those that include preservatives and artificial sweeteners.

In 2013, the consumption of soft drinks reached 295 liters per household per year, while in the category of bottled water was recorded a significant annual decline. This category covers 53% of the market of non-alcoholic beverages. For comparison - flavoured carbonated beverages cover more than 1/3 of the market. Part of the consumers begin to replace the spring water with tap water, and add a flavour to it at home with a syrup. This does not apply only to retail establishments but also to restaurants, which now offer tap water for free. However, the situation might differ slightly in various retail

chains, for instance, Kaufland did not confirm stagnation in sales of soft drinks or spring water (ADÁMKOVÁ, 2014).

A survey of the Czech national panel showed that 70% of the internet population drink tap water several times a day. These are mainly women and people that are getting university education. Respondents were asked about what they find to be a healthier option, and 50% of them answered in favour of tap water. The only concerns against tap water were mostly related to its taste. A third of respondents were concerned that the PET bottles can contaminate water, they also opposed the bottled water in order to make an effort to prevent waste generation of beverage containers. Another apparent reason is the relatively higher cost of bottled water (Vodarenstvi.cz, 2015).

Needless to say, that the campaign for tap water usually does not have a negative impact on mineral water sales. Vice versa, the established brands of mineral water are doing well in terms of sales in the Czech hypermarkets. The interest to the imported premium brands is also growing, however, its market share is minimal. They are mainly sold in upscale restaurants and petrol stations, which are targeted towards wealthier customers and tourists. Consumers that aspire a healthy lifestyle prefer natural mineral water with increased concentration of a certain mineral. Flavoured options are facing a slight decline in the market share (Marketing & Media, 2013).

The biggest problems in sales are recorded among of ice teas and sweet lemonades. Sales of soft drinks is very seasonal issues - with the onset of warm weather sales increase. Water categories and syrups face major seasonal fluctuations throughout the year. Fruit juices reach the peak in late December and January. The same applies to energy drinks that have a second peak in the summer (ADÁMKOVÁ, 2014).

Manufacturers support their declining sales of beverages with vast discounts - an absolute majority of the annual volume is sold at a reduced price. The interest of the consumer is also attracted by innovations in terms of new flavours. For instance, such company as Kofola, in order to make a raspberry flavour achieve more popularity, relied on the nostalgic feelings of Czech consumers during the promotion. This shows that Czech nation likes to experiment with new flavours, but also stays true to the proven ones such as lemon, orange and white grapes (ADÁMKOVÁ, 2014).

More recent numbers from 2014 show that consumption of soft drinks is starting to grow. More people keep up with healthy lifestyle and regular drinking regime is its

inseparable part. Czech customers start to buy more bottled water and replace sugary sodas with flavoured water, since it is a healthier option enriched with minerals. The sales of sparkling and still water are also growing (ZÁLANSKÝ, 2014).

3.2 Analysis of macro-environment

The following simplified analysis of the macro environment is based on the principles of PEST analysis, which gathers the examined factors in four categories - politico-legal, economic, socio-cultural and technological.

3.2.1 Politico-legal factors

The production of bottled water in the Czech Republic is regulated by fairly strict legislation. In particular, the Law no. 110/1997 Sb. about food and its implementing regulations. For instance, in regulation no. 275/2004 Sb. on requirements for quality, safety of bottled water and methods of its preparation can be found chemical, physical and microbiological requirements for bottled water, which are further divided into **natural mineral water**, **natural spring water**, **water for infants** and **drinking water**. Individual species have their own specific criteria related to the resources, permitted adjustments and labelling. The quality of bottled water is supervised by the Czech Agriculture and Food Inspection Authority, which carries out regular inspections of all food (MEZEROVÁ, 2011).

Labels are generally regulated by a requirement no. 113/2005 Sb. on labelling of foodstuffs. The requirement 275/2004 Sb. that is mentioned above sets out detailed requirements for additional information on labels of bottled water. There should be stated water type, place of origin, name of the source and the recommended storage method. The CO₂ level should also be disclosed along with the name of the laboratory that performed the analysis of the water (MEZEROVÁ, 2011).

Mineral water from the medicinal sources is regulated under the so-called Spa Act no. 164/2001 Sb., and is not considered to be bottled water. The same applies to flavoured water which under the requirement no. 335/97 Sb. is considered to be a soft drink (MEZEROVÁ, 2011).

3.2.2 Economic factors

One of the side effects of communication campaigns is an increase in consumption of promoted products. However, the macroeconomic situation in the country also has a significant impact on consumption. In the Czech Republic, the macroeconomic situation in recent years has been seriously affected by the consequences of the economic crisis. However, in the second half of 2013 began to decline year on year rate of decrease in GDP. In 2014, the economy revived, while household spending on final consumption accounted to almost 50% share of GDP. According to the Czech Statistical Office economy was growing even in the first quarter of 2015, partly due to the growing consumption of Czech households, which increased real incomes. Growth in consumption influenced goods durables on one hand, and foods and services on the one hand. The share of food and non-alcoholic beverages contributes to the consumption of approximately 20% (Kermiet, 2015).

According to the results of the investigation agency Incoma Gfk from 2015, 82% of the buying decisions of Czech households are still affected by the lingering crisis. For the first time, however, their share decreased. Crisis has mainly hit the customers of the discounters like Lidl and Penny Market (INCOMA GfK, 2015).

The average annual inflation rate in 2014 was only 0.4% and in 2013 was about one percentage point more. The decline in prices does not apply to the food section, however, prices of non-alcoholic beverages dropped by about 1%, which proves the above statement that over half of the annual volume of soft drinks is often sold at a reduced price (ADÁMKOVÁ, 2015).

It is also necessary to mention that the value-added tax, which rate for food and non-alcoholic beverages until 2008 was 5%, subsequently was gradually increased to the current 15% (ADÁMKOVÁ, 2015).

3.2.3 Socio-cultural factors

Consumption of bottled water could be influenced in the future by a number of sociological trends. Undoubtedly, one of those trends is aging of the population in the Czech Republic. Thanks to the modern medicine it is possible to prolong life expectancy, which, together with the low birth rate will lead to an increase in the proportion of seniors

(65+). Currently, seniors make up 17% of the population. According to the predictions, by the year 2101 they will make up 1/3 of the population. It is assumed that no significant influx of immigrants can prevent this trend. Trend could have a positive future impact on the consumption of mineral water with proven medicinal effects. Bottled water (especially pack of 6) is characterized by a higher weight and can be handled quite strenuously by seniors. On the other hand, the expansion of "e-shops" with food (e.g. Tesco) can improve the situation (Topinková, 2013).

Lifestyle of the consumers has a long-term impact on the consumption of bottled water. Regarding health, more and more Czech citizens are suffering from obesity and diabetes. According to estimates, in 2025 over one million inhabitants could suffer from it. About 30% of Czech inhabitants are smokers and Czech Republic is usually placed on the top positions in alcohol consumption per capita. The Ministry of Health, as well as other organizations, run campaigns that are encouraging people to adopt a healthier lifestyle, which can ultimately lead to increased sales of bottled water (iHNED, 2014).

Greater environmental awareness of consumers is also evident. It is reflected in preference of tap water over water in plastic bottles that pollute the environment. These consumers are a target for companies engaged in production of devices for home preparation of carbonated beverages, such as. SodaStream (Kermiet, 2015).

All of the trends listed above might have an effect on future consumption of bottled water along with the forms of the future marketing activities of companies.

During the promotion of products, marketers take into account values that are important for the Czech nation. According to the survey results of the Centre for Public Opinion Research, 92% of respondents considered it important to have a happy family, which is related to another desire of Czech inhabitants to have children, make friends and own a nice living. Great emphasis is also placed on the willingness to have a meaningful work. Young people prefer active lifestyle, they want to enjoy life, spend time with friends and be liked in their team. Their objective is to earn a lot of money. On the other hand, the lowest level of importance Czech inhabitants place on religious principles and the promotion of political views. The communication campaigns of various companies should incorporate these themes into their advertising projects (CVVM, 2014).

According to Hofstede's model of cultural dimensions Czech society is relatively hierarchical. In comparison with other countries, the degree of individualism in Czech

Republic is rather high. It can be described as fairly masculine, which is reflected in the way that people devote their life to the work; they are competitive and concerned with high performance. Czech people are also characterized by the fact that in all circumstances they try to avoid uncertainty, have experienced behavioral patterns, do not support unconventional ideas, need rules, require punctuality and family security is their strong motivation (HOFSTEDÉ CENTRE, 2015).

For manufacturers of bottled water that may mean reluctance of consumers to try new flavours or adopt other changes in the form of new packaging, etc. However, according to a study made by Nielsen in 2012, 2/3 of respondents prefer new releases from well-known and trustful brands. Czech consumers behave really prudently - 68% of respondents before trying something new seek a review from friends and the Internet (HRUSOVÁ, 2013).

Czech culture is also very pragmatic - people tend to save and invest and endure in terms of achieving results. The last dimension portrays Czech people as not very lenient, with a tendency to pessimism and cynicism. They do not place much emphasis on leisure and regulate the degree of satisfaction with their desires, because they feel that indulgence is selfish (HOFSTEDÉ CENTRE, 2015).

3.2.4 Technological factors

For the purpose of this work, the description of the technological process of tapping underground water in bottles is not significant. Manufacturers, however, should strictly ensure that they are no errors made during this process (e.g. water contamination), so that the company can avoid dealing with negative publicity through PR tools.

Quite interesting and topical is the issue of beverage containers. The consumer nowadays can rarely see glass bottles in stores, because they were mostly replaced by PET bottles. The exception is Kofola company, which is targeting nostalgic sentiment of consumers, and launched a limited edition of retro glass bottles from 1960 (CAISOVÁ, 2010).

Results of a survey conducted by TNS in 19 European countries show that 88% of respondents prefer food and beverages in glass containers. Roughly half of Czech respondents would be willing to spend more money for glass packaging. Consumers have

generally preferred glass because it preserves the flavour of food and beverages, is better for health and easier to recycle (CAISOVÁ, 2010).

Despite the statistics, manufacturers continue to invest in the development of PET bottles. This leads to a reduction of their weight and other materials innovation. In 2015, Mattoni and Bonaqua introduced new form of PET bottles on 1/3 made from plants (esp. Sugar cane). Introduction of such innovation to the Czech market was accompanied by intense advertising campaigns. The popularity of plastic bottles for beverages among manufacturers is caused by countless marketing opportunities in the field of design, advertising and "branding". Technological research additionally provides new dyes, inks and pigments, so that the packaging can be variously engrained, labelled, printed, etc. (MarketingSalesMedia, 2015).

3.3 Analysis of micro-environment

When preparing a communication campaign, it is necessary to take into account the (communication) activities of competitors. Therefore, the following analysis of microenvironment will be based on Porter's five forces model, which is a basic tool for analysing the competitive environment and strategic management.

3.3.1 Manufacturers

Manufacturers of bottled water are not as dependent on their suppliers as manufacturers in other sectors. Important is mainly the supply of groundwater itself. It belongs to the state, while the company owns drilling equipment, technology, buildings and the land on which territory all of it is all located. Manufacturers of mineral water in the Czech Republic have a permission to extract approximately 2.8 mil. m³ of water per year. What is important – the manufacturer does not pay the state for the actual extracted amount like it is with other groundwater, but for the maximum allowable amount. In practice, however, the amount of actually extracted water is usually lower than the maximum allowed amount. Since 2001, the fee was CZK 3 per m³, but since 1.7.2015 government increased it to CZK 6. It is assumed that if producers have responded to it by increasing the selling price of bottled mineral water, the final price per liter would increase only by a fractions of cent. On the other hand, the threat is that the smaller

manufacturers would stop using some natural resources and take care of them (Novinky.cz, 2015).

The packaging also forms an integral part of the product. Most often manufacturers buy semi-finished PET bottles and caps. In this case, the manufacturers of bottled water have to have a line called "blowing machine," which transforms semi-finished plastic bottles into its final shape. Some manufacturers of bottled water collaborate with renowned designers who draw them unique bottle design. Material for the production of labels, packaging for distribution to stores etc. are also object of supply.

3.3.2 Customers

To the final consumer bottled water can get in multiple ways. Manufacturers of soft drinks almost never sell their products directly to consumers, they use the service of mediators instead. Sales channels can be divided into several groups - the modern market, the traditional market, wholesalers, HORECA¹, gas stations and others. Approximately 60% of the sales volume of soft drinks takes place in the modern market, which consists of hypermarkets, supermarkets and discounters. According to estimates made by Incoma GfK, in 2013 TOP 10 retailers occupied 66% of the market. Most loyal customers have such chains as Kaufland, Penny Market, Albert, Tesco and Lidl (INCOMA GfK, 2014).

Traditional market consists of stores which area does not exceed 400 m². It is characterized by relatively higher prices. Needless to say, its importance is declining and the total share in sales of soft drinks is only 25%.

In case with wholesalers we are talking mostly about B2B sale of relatively larger volumes at relatively lower prices. The existence of wholesalers, however, complicates sales monitoring for manufacturers, because establishment of a traditional market and HORECAs buy their stocks from wholesalers, which leads to double counting. The largest wholesale chain in the Czech Republic is Makro, which simultaneously sells a high volume of distribution directly to consumers.

To HORECA belong companies engaged in the operation of hotels, restaurants and cafes, where drinks are consumed immediately after the sale. Offer normally consists

¹ HORECA is an acronym which stands for HOTels, REStaurants and CAfés. It defines the market segment that deals with hotel industry, restaurants, pubs, clubs, cafes and other kinds of hospitality.

of only drinks in small glass bottles with a larger margin, which ultimately leads to a higher price.

Essential thing is that although the HORECA contributes only 15% to the total sales of soft drinks, it has a much larger share in the total volume of sales. In terms of the amount of sold drinks, this is the most important player on the market, especially companies like Sodexo and Eures. Fast-food restaurant like McDonald's and KFC also have a significant share.

Petrol stations sell negligible amounts of soft drinks compared to other places. However, every second customer here buys a cold pack of soft drinks. Most sold are flavoured waters, unflavoured waters and cola drinks. Among the biggest chains operating in the Czech Republic are OMV, Shell and Agip. The barrier to higher sales might be the prices of the offered food and beverages, which are relatively higher than in the traditional and modern markets (INCOMA GfK, 2015).

Other group of sales channels include vending machines. In those machines are exclusively available smaller packages and their biggest advantage is almost zero labour costs. Placement of the machines is tied to the presence of large numbers of people, for instance schools, offices, railway stations, stadiums etc. The disadvantage of such way of selling lies in the need for continuous replenishment and maintenance.

It is also necessary to mention the so-called sale "at-work". Manufacturers of soft drinks in this case sign a contract for beverage supply with any company, which then redistributes beverages to its employees in order to ensure drinking regime. The largest customer in this case is the government and its institutions.

In recent years, there has been an evolve in sales of food and drinks through the Internet. The distribution might take place directly between the manufacturer and the consumer or through the mediator. According to a survey conducted by Incoma GfK, 3% of the Internet population buy soft drinks online. In particular, those are people from younger generation, people with secondary or university degree and above-average income. This market is dominated by itesco.cz, aukro.cz, lekarna.cz, koreni.cz and etc. People that are using this way of shopping are mostly buying beverages and food that are not elsewhere to be found. Good price is also a great motivation for them (INCOMA GfK, 2014).

3.3.3 Threat of substitutes

Bottled water naturally faces with a number of more or less distant substitutes. New kinds of soft drinks are constantly appearing on the market, some of which contain ingredients that are beneficial to human body and create competition. For instance, iced tea had found a lot of fans in recent years. On the same note, beverages that contain aloe vera extract or drinks sweetened with natural sweeteners are also promoted as beneficial. Manufacturers of bottled water should also incorporate some references about the beneficial components of their waters in communication campaigns.

As mentioned above, one of the most significant substitutes to bottled water is tap water. There are constant discussions on whether it is preferable to drink bottled or tap water. Doubts about the purity of tap water are widely used by the companies engaged in the production of filter pots (e.g. BRITA), which can remove chlorine odour and reduce the heavy metal content. A similar concept works for a brand called Bobble that produces plastic bottles with filters. Their disadvantages, however, lie in the high price and relatively short life of the filters themselves. Producers of bottled water should also continue the development of environmentally friendly plastic bottles and promote the purity of its water that comes from the untouched nature.

The need to buy mineral water is partially restricted by the appliances that prepare carbonated beverages at home. However, company called Sodastrea, due to the sophisticated marketing, distribution network, advanced and affordable prices for the consumers can present a significant threat for producers of bottled water.

3.3.4 New entrants

The market of bottled water already has a large number of brands and no fundamental changes are expected in the next few years. Not very extensive territory of the Czech Republic has been fully examined, which suggests that the probability of finding a new quality underground source is low. The entry of new domestic brand is also unlikely.

3.3.5 Competitive analysis

The hallmark of the Czech market is high proportion of sweetened and flavored waters in the total production and total sales. All bottled waters presented on the market are rather similar, so there is no particular target group of the consumers. Therefore, the major task of category and brand managers is to ensure that each type of water has its own consumer and positioning on the market (FRANCOVÁ, 2011).

Domestic brands have a dominant position on the market, the share of foreign brands is negligible. One of the brands with the most significant share on the market is a brand called Karlovarské minerální vody, a.s. (KMV). If we add here brands like Poděbradka and Dobrá voda, which now are the part of the KMV, we can say that the whole group controls nearly half of the Czech market of bottled water (ŠENK, 2015).

The above statement about the marginal importance of foreign brands does not apply to Bonaqua brand, which is owned by Coca Cola. Its market share is 10.2%. The company Kofola is also strengthening its positions. Nowadays it includes brand like Rajec, Jupík, Evian, Badoit and Vincentka. Kofola's market share is 7.7% (KOFOLA, 2015). Another international food giant is PepsiCo. It owns brands Toma and Korunní, which market share of bottled water reaches 3.9% (Pepsico, 2015). Maspex company with a market share of 1.5%, among others brands in its portfolio has spring water for kids called Kubik Waterrr. Shares of other internationally famous brands (e.g. Vittel) are hundredths of a percent (ŠENK, 2015).

3.3.5.1 Bonaqua

Bonaqua spring water that is owned by Coca Cola comes from Slovak mountains Považský Inovec and was first introduced on the Czech market in the late 90s. It has a balanced amount of minerals with low sodium content and is suitable for everyday drinking. It is sold in three main variations: carbonated, lightly carbonated and non-carbonated. It is available everywhere along with other Coca Cola products.

Bonaqua ranks among premium brands. Its target group is young people between 20 and 29 years old. Coca Cola invest in communication activities of this brand such funds, that it can be described as one of their priority product. It is worth to mention one of their campaigns called "Možná ti ulehčí cestu" (ease your way) that launched in 2007. The core of it became a TV spot, which was supposed to motivate the desire for learning new things

in the consumers. Among their recent achievements is the creation of an ecological bottle "PlantBottle," which was promoted via the slogan „Za čistější život“ (for a cleaner life) (COCA-COLA HBC, 2015).

3.3.5.2 Rajec

Rajec spring water, which comes from Rajecké Valley situated in the Slovak Republic, is also suitable for everyday consumption. It does not burden organism with minerals and is low in sodium. It is sold in three main variations: still, lightly carbonated and carbonated. There also is Rajec baby water. It is worth to mention a number of oxygen-enriched types of water, which due to the 0.75l bottles and a sports cap are ideal for using during sport activities. It is obviously targeted mainly at young and active people.

The point of divergence (POD) could lie in the fact that Rajec waters are currently available in eleven original flavours. Particularly extracts from trees and herbs - chestnut, mint, sage, dandelion, thyme etc. On the other hand, it lacks conventional flavours such as lemon or orange.

Regarding communication activities, Rajec focuses on sponsoring various running events in which it operates as a partner of drinking regime. In their TV spots often appear representatives of the animal kingdom. They also use slogans such as „Rajec – chuť patentovaná přírodou“ (Rajec - flavour patented by nature) or „To nejlepší vytvoří příroda v Rajecké dolině sama“ (the best is created by nature in Rajecká valley). Those spots and slogans were created by the London film crew, which also film documentaries about nature. The greatest emphasis in their advertising campaigns is put on the untouched nature (Rajec, 2015).

3.3.5.3 Toma

Spring water Tom Natura comes from the protected area of the Adršpach-Teplice Rocks in the Czech Republic. Just like other bottled water it contains a low amount of sodium and a balanced ratio of calcium and magnesium, however, the proportion of these desired minerals is relatively lower. This water may be modified in any way and is also suitable for preparing baby food. It is sold in three different versions: non-carbonated, lightly carbonated and sparkling. The POD of the brand is line called Toma Nádech,

which includes water that is seasoned with only natural aroma. They contain no sugar, sweeteners, preservatives or dyes, which makes them suitable for diabetics.

In their TV spots they often praise the fact that the manufacturer retains water without any modifications, as nature designed it. In 2015, after five years of massive communication campaigns, the brand introduced a TV spot completed with the slogan „*Živá Toma Natura*“ (Live Toma Natura). Since it was a big relaunch, new labels, packaging and flavours were created (PEPSICO, 2013).

3.3.5.4 Dobrá voda

Dobrá voda brand is included in the portfolio of the company called Poděbradka, Inc. As mentioned above, KMV, a.s. and Poděbradka, Inc. form of governance holding. Therefore, the crucial goal is to ensure that there is no mutual cannibalization between the brands brands (DOBRÁ VODA, 2015).

4 Karlovarské minerální vody, a.s. and product

Aquila first water

KMV, a.s. is considered to be the largest producer of mineral and spring water in the Czech Republic. In addition to Aquila, its portfolio also includes Mattoni, Magnesia, Schweppes, Yo, Granini, Bimboo and Dr Pepper.

4.1 About the company Karlovarské minerální vody, a.s.

Mattoni company was founded in 1873 by Carlsbad native Heinrich Mattoni. Back then, Mattoniho Kysibelka (the former name of the brand) was among the most famous mineral waters in the world. Later, H. Mattoni established a modern bottling line and a spa.

After the Second World War it was nationalized and operated by West Carlsbad company, which in 1989 was transformed into a joint stock company called Karlovarské minerální vody.

In 1994 the company was privatized. The new owner, Pasquale family of entrepreneurs from Italy, has invested a lot of funds in upgrading production, marketing and overall reorganization.

Nowadays, the KMV group employs 750 people who are involved in the production of 176 kinds of drinks. KMV mineral and spring water is exported to 20 countries under the brands with a strong image. Quality of the products is demonstrated by a wide range of awards as well as by the fact that Mattoni has become the official water of the Czech Presidency in the EU.

On the KMV website you can find information about the values, mission and purpose of the company. The basic goal is to increase the quality and culture of drinking. The basic values include performance, excellent reputation, reliability and respect for ethical principles. The mission of the company is to improve responsiveness to quality mineral water from Carlsbad and to make their products famous for their international values (KMV, 2015).

KMV is building its image by active promotion of sports, cultural and social events in the Czech Republic, which is related to their social responsibility (CSR). The

company, for instance, became the general partner of literary prizes Magnesia Litera, is involved in promulgating Czech Lion film awards, encouraged a prize for aspiring filmmakers, supports marathon runs under the auspices of the Prague International Marathon and provides for Czech basketball league Mattoni NBL. Regarding social events, KMV supports popular music and a beauty contest called Miss. It also organizes international bartenders' competition - Mattoni Grand Drink (KMV, 2015).

In 2008, KMV began its expansion into Europe through buying an Austrian Waldquelle. Currently they are also present in the German, Slovakian, Polish and Ukrainian markets. KMV group is currently the second largest player on the local mineral water market in Slovakia. It also occupies the second position in Austria. Among other major export countries are the USA and the United Arab Emirates. In 2015, expansion continued through purchasing two major Moravian producers of soft drinks (Kékkút Ásványvíz and Szentkirályi Ásványvíz). Due to it the largest producer of mineral and spring waters in Central Europe was created. KMV introduces their own know-how to foreign markets. Their know-how is based on constant innovation, quality products and pro-customer orientation (KMV, 2015).

As mentioned above, Aquila also falls in the portfolio of KMV. Under this brand only natural spring water - Aquila First Water (AFW) is sold along with the flavored non-carbonated spring water Aquila Aquabeauty and ice tea Aquila TEA .M (also made from spring water). Aquila is also known for being the main partner of the beauty contest Miss and official water of Czech Aerobic Association.

4.2 Marketing objectives, strategies, target group

At the beginning of the campaign analysis, it is necessary to mention that the AFW product was first introduced to the Czech market in 2012, when it replaced a product called Aquila Aqualinea still water. It had to meet strict criteria in order to be officially labeled as baby water. The major role was played by the fact that in 2011 Aquila Aqualinea faced with negative publicity. Czech Agriculture and Food Inspection Authority has recommended withdrawing a batch of bottled water from the market due to the presence of E.coli bacteria. Bacteria were not hazardous, yet the incidence was unacceptable. KMV also withdrew some of the other batches from the market. Subsequent tests have not revealed the presence of bacteria (iHNED.cz, 2011).

5 Communication mix of Aquila first water

The subject of analysis are tools of communication mix that were used in the test explored campaign called AquaBabes as well as the tools used to promote Aquila products in the long term (e.g. loyalty program).

5.1 Advertising

Advertising, or paid promotion of products in the media, was used to inform the public and especially the media audience about the rational benefits of AFW product. Another important goal was to present the Aquila as a brand that supports young talents. All in accordance with the marketing goals.

For this purpose, a new **TV spot** was formed, which had almost nothing in common with previous spots of the company. It was created in Arnold Worldwide, which is an agency in Milan and directed by George Marshall. The product was presented in a quite original way. Motifs of flora and fauna are widely used by many producers of spring water to illustrate the origin of untouched nature. However, the plot of this spot took place in the studio where six young girls, i.e. AquaBabes band, were dancing and singing between water drops, which undeniably symbolize spring water.

The group was formed by the Universal Music recording company, which organized the casting with a hundred of potential applicants. The jury consisted of a photographer, choreographer, voice counsellor and music producers. Universal Music has provided annual support to girls and helped them with professional music production, media support on TV and social networks. Although the girls were chosen with the diversity in mind, two almost identical girls with long blond hair seem to be redundant. However, the girl looks and age did correspond with the media target group.

The song called “Do not call me baby” originally came from international song database. The text was written by a Czech song and screen writer Andrew Ladek alias Xindl X. However, it was only used the chorus "*Do not call me baby, I'm not your girl. Those who babysit me don't even have the smallest chance. I'm not an exhibit that plays to you, so do not call me baby*" (AquaBabes, 2014). With the intention to approach the target audience colloquial language was elected. However, in the

discussion on Internet forums you can meet some reservations against the rationality of the text.

At the beginning of the TV spot Aquila logo almost fills the entire screen, then it starts to fill in with crystal clear water splashes from both lower corners. This part is accompanied by a male voice that says: "*The first Aquila water from the virgin pure nature is also suitable for infants*" (AquaBabes, 2014). This means that the company from the very beginning introduces its message about rational benefits of the advertised product. Subsequent speech belongs to one of the members of the musical group, which also catches a bottle of AFW: "*For its integrity Aquila became my water. But do not call me baby!*" (AquaBabes, 2014). Part of that statement can be considered confusing if we take into account the name of the band - AquaBabes. According to an official statement, however, said part only refers to information that AFW is also suitable for other age groups and not only infants. The claim "*Suitable for infants, perfect for you,*" which was used in the campaign of 2012, also refers to that information.



Figure 1 Aquila První voda (AquaBabes). In: Youtube [online]. Available at: https://www.youtube.com/watch?v=__PGVFdxBVo. [Accessed 29 Feb. 2016].

Then girls, dressed in blue and red dress, begin to sing and dance. One could assume that the shape of their clothes reminds of a plastic water bottle, red color symbolizes the sparkling water and blue color symbolizes non-carbonated one. However, this assumption is not supported by the company.



Figure 2 *Aquila První voda (AquaBabes)*. In: Youtube [online]. Available at: https://www.youtube.com/watch?v=__PGVFdxBVo. [Accessed 29 Feb. 2016].

Towards the end of the song, one of the members of the band pours the content of the AFW bottle on the screen, so viewers can get a further look at the promoted product. The last shot of that TV spot is dominated by a large, 1,5l bottle of AFW, which is partly covered with the words "*suitable for babies*" (AquaBabes, 2014). In my opinion it would be appropriate to also portray a small 0,5l bottle of AFW, which would complete the company's offer. On the right side of the screen is the inscription "*Aquila, the natural purity of Carlsbad*," which is accompanied by a voiceover (AquaBabes, 2014).



Figure 3 *Aquila První voda (AquaBabes)*. In: Youtube [online]. Available at: https://www.youtube.com/watch?v=__PGVFdxBVo. [Accessed 29 Feb. 2016].



Figure 4 Aquila První voda (AquaBabes). In: Youtube [online]. Available at: https://www.youtube.com/watch?v=__PGVFdxBVo. [Accessed 29 Feb. 2016].

It appears that through that spot the company managed to state the main benefits of the AFW product - natural purity (mentioned at the beginning and the end), suitability for infants (the beginning and end) and the place of its origin - Carlsbad (at the end). Also, putting the brand name in the ad, in a spoken and written form, at the beginning and at the end might be a very useful solution that will help the consumers to easily memorize the advertised brand.

This 30 seconds TV commercial was broadcast on stations Nova, Prima, Barrandov and Czech Television. The largest share of the group had Nova and Prima, they were complemented by the use of CT and TV Barrandov. The commercial was aired from early June to late August 2014 in four waves: 06.06 - 30.06, 01.07 - 07.07, 04.08 - 17.08 and 25.08 - 31.08. Regarding the allocation of broadcasting time for this TV spot, 70% was aired during prime time. Time and frequency were chosen in order to reach as many potential consumers as possible. Gross rating point (GPR) of the summer TV campaign on the target group reached 1,212 in the first wave, 395 in the second wave and 721 during last two waves.

In the summer of 2014, the same spot was played automatically for users who went on the internet video sharing site **YouTube**². While the spot was playing, the user had a possibility to click on it and get to an official Aquila channel on YouTube. Spot was uploaded on this channel 06.06.2014 and a year later had about 1,37 million views.

² However, this did not affect users who had any ad blocking programs.

Positive and negative reviews were 2, 4125:1.96 respectively (AquaBabes, 2014). It also ranked among the commercials for streaming services. A full-length video for the song “Do not call me baby” that was uploaded to the official channel of the band AquaBabes became one of the most popular clips of 2014.

This section is also important to mention **banners** as a well-known form of Internet advertising. Banners were placed mainly on internet portals for moms, which were a secondary target group. Banners usually referred to the e-shops (e.g. iTesco.cz), where the product could be purchased directly. Advertising on **radio** was not used to promote the AFW product. The complete unedited song “Do not call me baby” was heard only on radio stations Impulz and Kiss.

Print advertising has also not been actively used to promote the AFW. The campaign worked with Mother magazine, but those were mainly **PR** articles. The magazine was selected due to its focus on a specific target group.

5.2 Other tools of communication mix

Regarding other **PR activities**, marketing department of Aquila brand contacted journalist only when they were introducing new products to the market. For example, journalists were invited to the shooting of the TV spot.

Sponsorship is one of the most common forms of PR. This tool has more financial benefits than advertising, however, it is not guaranteed that viewers will hold on to such communication campaign. As mentioned above, in the past Aquila was associated with the name of Czech Miss beauty TV program. In this case it was a very significant communication. In an effort to change the "positioning," Aquila started to support young Czech talents, especially singers and music bands. In the past, these were e.g. Charlie Straight, Celeste Buckingham, Mandrage and Adam Misik. Eventually, product placement has become part of their music videos.

Company’s website is an integral part of Internet PR activities. On the official website of KMV each brand from their portfolio has its own page. All pages are provided with a uniform design, the only difference is the image placed on top. Aquila brand page is complemented by photos of girls from the music band AquaBabes. There also are photos of products with brief descriptions, useful information and chemical analysis of

water. More websites dedicated to certain products of the Aquila brand are situated the bottom.

A major disadvantage of this site is the fact that the composition of the water is not easy to find. Especially in the case with infant water it is an important information that consumers often seek. On the other hand, I appreciate the detailed information about drinking regime people in various stages of development should have with a focus on infants and explanation of the differences between various types of bottled waters (KMV, 2015).

Aquila brand engages consumers in long term **loyalty programs**. On the labels of products from the brand's portfolio are printed stars and codes. Consumers sent collected stars through post offices or can enter codes on the company's website. Customers could redeem the collected points and receive the access to the world of online gaming or get toys and other objects (KMV, 2015).

Aquila brand is also active on **social networks**. They have created a corporate account on Facebook in 1995, and it has since gained more than 30,000 fans. Nowadays, it follows the trend of healthy lifestyles and provides consumers with tips on healthy eating, beverages with no calories and physical activity. Great emphasis is put on drinking habits. Activity of fans on Facebook is stimulated by various quizzes and puzzles, e.g. related to specific Aquila products.

In 2012, Aquila began to use Pinterest (one of the first brands in the Czech Republic). It was also a part of the campaign for the Aquila Aquabeauty brand. They have created a so called microsite - Protvojikrásu.cz, which had to serve as a source of inspiration for young girls interested in the health and beauty (Aquabeauty, 2015).

6 Conclusions and Proposals for changes

A mainstay of the campaign, became the original TV spot. My first complaint is directed to the selection of members of the musical band. In my opinion, it should be more diverse. As mentioned above, the presence of two almost identical girls was not necessary.

According to the web forums people also found the text of the song used in the commercial rather illogical. The confusion was expressed mainly regarding the passage: "*Do not call me baby,*" since the name of the band is AquaBabes. Since the main goal was to point out that the product is also suitable for other age groups, rather than only infants, the best way of going about it was to simply name the band differently. Certain modifications of the text would also be met with a positive reception.

On the other hand, the major benefit of the product (natural pure water) were managed relatively well in the communication campaign. However, I would suggest the company to also highlight delicious taste in future advertising campaigns, since according to the results of consumer research, the most important criteria for selection of bottled water is its taste.

The last shot of the TV spot introduced the 1.5l bottle. In my opinion, there should have included a small bottle (0.5l) next to it, which would undoubtedly complete the company's offer in the long term.

At the end of the spot was a slogan: "*The natural purity of Carlsbad.*" Consumer questionnaire revealed that consumers have hard time assign it to the advertised brand. I believe that the cause of it lies in the frequent change of slogans ("Healthy Beauty" or "suitable for babies, perfect for you"). If company wanted to strengthen the image, it should use the same slogan for a prolonged period of time (see Sec. 1.3.2).

The assumption about the shape of girls' dresses in the commercial that reminded a lot of people of water bottles was incorrect. However, this idea could be successfully use in the context of other AquaBabes campaigns. The second option could be a dress sewn from recycled PET bottles, which would certainly benefit the company's image and show that it activities seeks alternative environmentally friendly options.

During the AquaBabes campaign they used only two types of media - television and the internet. In the words of some viewers, however, it was too intense. I believe that the

advertising in press, particularly in magazines aimed at young girls and mothers, would have also benefited the campaign. Internet magazines could have been a great choice for the campaign.

Television is currently faced with the problem of similar ads for bottled water. Therefore, Aquila should continue in their relatively original advertising campaigns, but with more emphasis on friendship between the members of the musical band, since family and friendship are the most important values in Czech nation.

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