Czech University of Life Sciences Prague

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Diploma Thesis
Marketing Communication of Mamacoffee

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DECLARATION

I hereby declare that I have written the diploma thesis "Marketing Communication of Mamacoffee" independently with use of quoted resources in bibliography.

In Prague, on April 19, 2012

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Summary

Diploma Thesis with the topic on Marketing Communication is focused on analysing of marketing communication and related marketing mix in chosen company Mamacoffee, s. r. o. The literature explains the basic knowledge regarding marketing communication and characterize each components of communication mix. The Practical part of diploma thesis thoroughly describes functioning of current marketing tools of Mamacoffee and subsequently after evaluation sugests, based on internal and external analysis and questionnaire research, new proposals to improve current communication.

Key words: communication, communication mix, customer, Mamacoffee, Fair Trade

Shrnutí:

Diplomová práce s názvem Marketingová komunikace se zaměřuje na analýzu marketingové komunikace a s tím spojený komunikační mix vybrané společnosti Mamacoffee, s. r. o. Odborná literatura objasňuje základní termíny marketingové komunikace a charakterizuje jednotlivé prvky komunikačního mixu. Praktická část diplomové práce důkladně popisuje fungování současných komunikačních nástrojů společnosti Mamacoffee a následně po vyhodnocení navrhuje na základě interní a externí analýzy a dotazníkového šetření nové nové návrhy na zlepšení současné komunikace.

Klíčová slova: komunikace, marketingová komunikace, zákazník, Mamacoffee, Fair Trade

Content

1   Introduction

Marketing communication is a science that has currently due to the rapidly evolving communication technologies, one of the leading positions in the market. It is one of the dynamically evolving part of the marketing mix, which includes price, product, place and promotion, or just the marketing communication. Currently, we are constantly, without being aware of it, attacked by various forms of advertising messages. The current customer is often swamped by the mass communication and, therefore, begin to emerge various alternative perspectives on the contemporary world. We are constantly forced to buy new products without knowing their origin or the human factor that contributed to the product. We just consume products, behind which is a lot of hard labor and often we don't know the conditions in which these products were produced. The result was the emergence of alternative ways to deal with conventional trade. At the beginning it was the enthusiasm people of good will to help small producers in developing countries. The idea of fair trade, which began to spread in developed countries, took a quick turn and now we are seeing business, which is slowly changing the world. Fair Trade was developed in the last decade that it can compete with the classical market. The social change has also a great influence which is committed to greater accountability, not only individual but also collective. It will be only a matter of time before when the barriers of traditional market will be broken and the customer will already be oriented not only on price but also the origin of products.

2 Objectives and Methodology

2.1 Objectives

The aim of diploma thesis is to identify and find the proper marketing communication of Mamacoffee. The first goal is related to the theoretical part and is focused on description of communication and subsequent communication mix. The second goal is the identification of marketing communication tools of Mamacoffee and its communication with external and internal environment. On the basis of this analysis will be proposed new and suitable tools of marketing communication both for current and potential customers.

2.2 Methodology

The first phase of the diploma thesis focuses on the theoretical part, which included a study of technical literature and articles related to the issue of marketing communication. The data are gained from expert books both in printed and electronic form. The objective of this phase was to obtain good awareness of the issue and this knowledge subsequently describe. The second phase involved collection of general and marketing internal data of the company. Data were collected based on interviews with the management of Mamacoffee and its workers to reached sided view on the subject. The interviews took place in the various cafes of Mamacoffee to reach also participate observation of whole environment. As the recording method was selected personal computer.

In order to design the improvement of marketing communication of Mamacoffee was used the method of structured questionnaire. The target group was the segment of university students in Prague with the age limitation at 26 years. The total of 200 respondents were interviewed from four universities (Czech Technical University, Charles University, University of Economics and Czech University of Life Science), which have the largest number of students. From total 200 questionnaires were returned 182, which represent 91%. During the questionnaire evaluation was used statistical method of hypothesis testing of parameter p alternative dividing. The testing procedure was as follows:

- zero hypothesis formulation and alternative hypothesis
- choice of significance level

- choice of test criterion
- determination of critical region
- value calculation of test criterion from selective values
- decision

Testing was conducted using the formula:

$$U = \frac{p - \pi_0}{\sqrt{\dfrac{\pi_0(1 - \pi_0)}{n}}} \quad , N(0,1)$$

The results from questionnaire survey will be presented in graphs and hypothesis testing in tables.
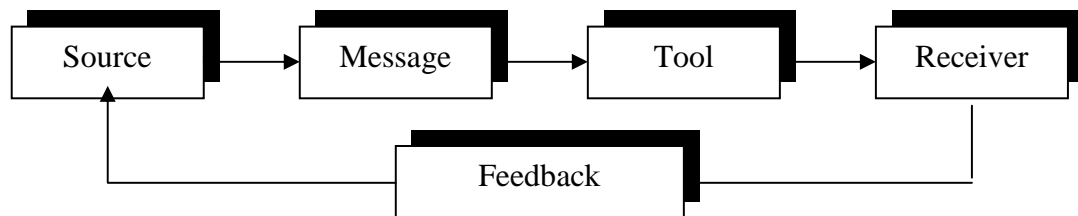
3 Marketing communication

3.1 Communication

There are many ways how can be communication defined. General theory says that communication can be "*a dissemination process, a flow of information in which a sender disseminates a message to receivers by revealing its meaning in this message.*"[1] Communication can be everything such a television, talking to friends, reading newspapers, or even clothing or a hairs style. The list is endless.

Right communication can be only effective assuming that the receiver of message is able to understand the real meaning of the message that he has received. Because every person has different way of thinking, the message must be sent to avoid misunderstanding between senders and receivers. The classic communication model has been defined many times and always it is practically a classical variation model, which assumes feedback.

Figure No. 1: Classic communication model[2]

During the communication come about encoding and decoding the message and also occurs the communication noise influenced by various subjects. [2]

Marketing communication (promotion) is one of the four elements of marketing mix together with price, product and place. Marketing Communications is one of the main pillars of the success of company, organization or any other subject which aims to increase sales or visibility on the market. As Litwin says*: "Marketing communication are all strategies, tactics and activities involved in getting the desired marketing message to intended target audience."*[3] One of the most important skills included in marketing is communication and promotion. Communication is very specific, because it happens and

communicates with the customer even unintentionally by clothing of seller, interior of the office, catalog etc. Everything around has a positive or negative impact on client perception.[4]

3.2 Communication process

For applying successful marketing communication, the company has to understand relations of the essential elements of effective communication. There are two components representing two main subjects in the process of communication – the sender and the receiver. Next two components represent two most important tools of communication – message and media. Other four elements represent main communication functions and activities – encoding, decoding, reaction and feedback. The last element of communication is noise.[5] The picture under shows basic process of marketing communication:

Figure No. 2: Communication process
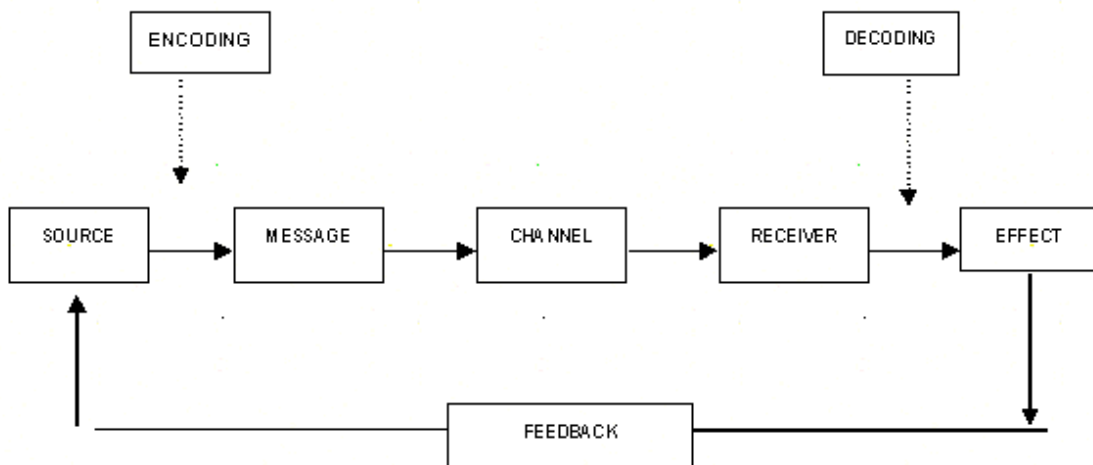
Source: http://www.fao.org[6]

The model allows us to highlight the main factors of effective communication. Sender must know exactly to who wants to send a message and what reaction the message should cause on the side of receiver. The message sender must encode his message to fit the usual method of decoding the message. Its message must spread through the most effective media with its help the message catches the recipient. This will later allow sender to get feedback and keep en eye on the reaction of the receiver. This information exchange makes the communication process dynamic and even circular.[7]

However, the core task of the sender is to deliver the message. However, if a situation arises and the recipient do not receives the message, it can be for this three following reasons:

1)   *Selective attention* – Creator of the message must process the message to gain an attention, despite all influences from outside.

2)   *Selective distortion* – People can interpret the message as they want to hear. The result is that recipients sometimes hear or see facts, that even was not included in the message and on the other hand do not hear or see facts included in the message.

3)   *Selective retention* – People keeps in long-term memory only a small part of received messages. Whether, the message is convert from short-term to long-term memory depends only on what type and what amount of messages and how many times the receiver heard them. [7]

3.3   Communication strategies and goals

The marketing communications function has various communication tools available. Each company is different in both size and orientation, and therefore must be applied such communication, which is subsequently reflected in the profitability of the company. Wealthier companies can focus on paid advertising while smaller subjects must rely on a different mix such as public relations or events. Marketing communication strategy is a simply a various combination of communications mix. *"Strategy is a about the degree of direct marketing, personal selling, advertising, sales promotion and public relations that is incorporated within a planned sequence of communication activities."*[8]

The purpose of the suitable strategy is how the objectives will be achieved. It is simply "how we get there". But according to Smith and Taylor communication strategy can include also *"selection of target markets, positioning, selection of communications tools, sequence of communications tools, and more."*[9] Chris Fill identifies three types of strategies:

1) *Corporate strategy - is considered to be directional and sets out the broad, overarching parameters and means which the organization operates in order to realize its objectives*

2) *Functional strategy - for example marketing, finance and production, should be integrated is such a way that they contribute to the satisfaction of the higher-level competitive strategies, which in turn should satisfy the overall corporate goals*

3) *Competitive strategy – is setting out the way in which organization will compete, but also should provide clear messages about the way in which the organization seeks to manage its environment*[8]

Another model of effective strategy shows Smith and Taylor. Their STOP and SIT model is shown below:

- *Segmentation (how is the market broken up?)*
- *Target markets (what target markets are chosen plus who is the "ideal consumer"?)*
- *Objectives (strategy must fulfill objectives)*
- *Positioning (of the product or service and also what is the overall proposition)*
- *Stages (is there a sequence or series of stages?)*
- *Integration (does it all integrate smoothly?)*
- *Tools (are we going on TV, or just opt-in e-mail?)*[9]

Strategy according to Fill shows us more general and hierarchical strategy within the organizations. Purpose of this strategy is that it retains the running and extension of administrative communication across organizational lines. In the other hand Smith and Taylor give us points that need to be reached step by step to achieve communications objectives. Nevertheless, each strategy should be executed through decision making process, actions and implementation. The entire process of creating effective communication has time, which is the driving force of communication. Without the proper timing, the communication could become meaningless. [9]

The goals of marketing communication are depending on type of used strategy. Setting targets based on top-down strategy and is one of the most important management decisions. Good marketing communication should lead to consolidation of goodwill and partly should also reflect on profitability of the company. Setting goals is influenced by several factors such as the character of the target group or stage of the life cycle of a

product or brand. [10] The main steps in creating and identifying an effective communication should be based on the fundamental objectives, which should satisfy target market needs and wants and also profitability. Sandhusen identifies three basic objectives between the company and the customers:

1) *Inform* – aim is to create and stimulate interest and awareness and to give consumers know about the product or service and inform them where to find them

2) *Persuade* – this aim is about how to convince customers, that the product or service will provide better value to the customers than other competitor

3) *Remind* - once we have created communication with the customer and there was a persuasive message transmission, is the main aim to remind the customers to take action – to buy products often[11]

Some authors also state as a fourth objective "reinforce", which is persuading current customers that have made the right decision. Different and more broadened marketing communication objectives identify Přikrylová and Jahodová. According to them are the traditional goals:

1) *Provide information*
2) *To create and stimulate demand*
3) *Differentiate the product*
4) *Emphasize product benefits and value*
5) *Stabilize the turnover*
6) *Build and foster the brand*
7) *Enhance corporate image*[10]

4 Corporate communication

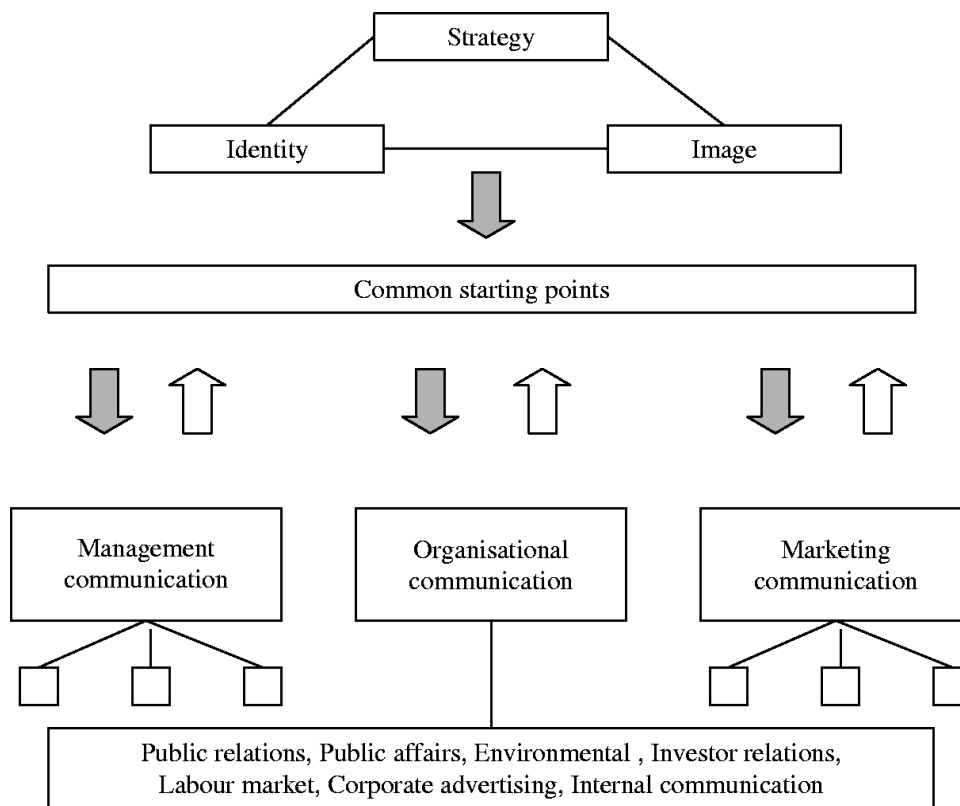Under the pressure of time the communication in companies is changing rapidly. It is not just about current economical situation, but also the increasingly rapid penetration of new technologies. Business success is not only a steady income, but also the ability to communicate and how the company is able to present in public. One of the most valuable assets is good reputation of the company and its products. Good communication enables

corporate loyalty of employees and specially increases the value for owners and stakeholders. [12]

Corporate communication consists from activities, within the company, that are systematically building a corporate reputation (reputation management). The communication of the company is so focused on presentation of financial results, business strategy or management presentation. Setting a quality and effective corporate communication is a so a long-term strategy and uses mainly public relations.

"Corporate communication, in other words, can be characterized as a management function that is responsible for coordinating and overseeing the work done by communication practitioners in different specialist disciplines, dry and media relation, public affairs and international communication."[13] Corporate Communications is so a system of activities such as planning, coordinating and counseling the CEO. According to Van Riel corporate communication is *"an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible."*[14] Any company or organization is like a living organism. Every component must work together with any other component. To prevent the "collapse", all various components must communicate each other and externally, the company must look like as a healthy organism, which is base on good relation with the public and on top of that is sovereign. The table under describe right corporate communication:

Figure No. 3: Corporate communication

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                      ┌──────────────┐
                      │   Strategy   │
                      └──────────────┘
              ┌──────────────┐      ┌──────────────┐
              │   Identity   │──────│    Image     │
              └──────────────┘      └──────────────┘
                              ⇓
        ┌──────────────────────────────────────────────┐
        │            Common starting points             │
        └──────────────────────────────────────────────┘
           ⇓  ⇧              ⇓  ⇧              ⇓  ⇧
    ┌──────────────┐  ┌──────────────┐  ┌──────────────┐
    │  Management  │  │Organisational│  │  Marketing   │
    │communication │  │communication │  │communication │
    └──────────────┘  └──────────────┘  └──────────────┘
      □    □    □            │            □    □    □
        ┌──────────────────────────────────────────────┐
        │ Public relations, Public affairs, Environmental, Investor relations, │
        │ Labour market, Corporate advertising, Internal communication │
        └──────────────────────────────────────────────┘
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Source: [15]

Any company or any economic entity uses its own model of corporate communication. We can not generally determine how the external or internal communication should look like, because every subject differ in size and it incessantly shapes and adapts to the market conditions. Creating a good reputation is so long-standing process and consists of systematic and continuous communication with all audiences.

4.1 Corporate identity

Each company is characterized by its own identity. This complex includes all identifying features helping to identify certain subject and differ it from others. The basis of corporate identity is so whole philosophy and history of the company. It is a system of rules defining how the company performs to its environment, customers, what are the internal relationships, how they communicate and what way are these relationships govern.

"Identity is thus a holistic construct enveloping most salient aspects of organizations. It is strategic in nature embracing all functions and aspects of organizational life."[16]

It is about clear presentation of both internal and external communications. The company should give the feeling of cohesion to its employees (internal) and to differentiate the company and strengthen its competitiveness.

Figure No. 4: Corporate identity[17]

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                        ┌─────────────────────┐
                        │ Corporate identity  │
                        └──────────┬──────────┘
                                   ▼
                    ┌──────────────────────────┐
                    │      Philosophy of       │
                    └─────────────┬────────────┘
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    ┌───────────┬────────────┬──────────────┬──────────┐
    │ Corporate │ Corporate  │ Communicatio │  Produc  │
    └───────────┴──────┬─────┴──────────────┴──────────┘
                       ▼
              ┌──────────────────┐
              │ Corporate image  │
              └──────────────────┘
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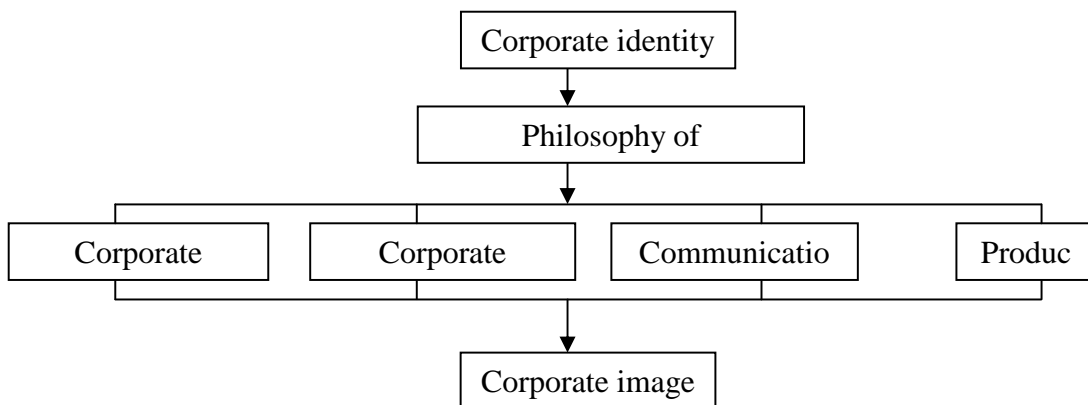
According to Svoboda, to build a good corporate identity and achieve their goals must be done through following functions:

1) *Informational and communicational*
2) *Image building*
3) *Relationship influencing*
4) *Integration*[17]

Corporate identity is composed from four parts:

1) *Corporate culture -*   is simply everything that occurs in the   ;
                            organization – company mood

2) *Corporate communications –*   all instruments, channels, media and means by
                                   which the company communicates with the

3) *Corporate design –*   set of formal elements, by which the company is presented in the public and these presentations should have a uniform style [17]

The ultimate effect of corporate identity is than a unified image of organization (corporate image).[17]

4.2 Corporate image

The main difference between corporate identity and corporate image is that the corporate image is what it represents and how the corporate identity and culture is perceived from outside of the company, while the corporate identity is mainly a matter for the owners and company management. Corporate image is so associated with perceptions and prejudices that customer have.[18] Thus we can say that image is formed by customers. Therefore, it is up to each company how reputation develops that would reflect its image. The image is in one way unique, because whatever we do, or nothing, the target group always sees that. Image than could be a set of design, culture, behavior, communications or products. Image can therefore be understood as a *"holistic concept, as complex, multidimensional structural system, which despite of some features of stability and permanence is suggestible."*[19]

Vysekalová and Mileš than differentiate six types of image:

1) *Internal image – is created by the object, respectively its producer, itself, of its product*
2) *External image – by which the object, respectively his producers are trying to impress the public, they want to raise the ideas that may not even match their own self-perception*
3) *Real image – formed in the public awareness, in terms of relation to the public and to the customers is only real image decisive and targeting*[19]

5 Customer targeting

One of the fundamental objective of any company or business is to have customers. The customer represents purchasing power, and each company is well aware of what the customers mean for them. If company seeks to reach a greater market share must set its strategy to address as many potential customers as possible. *"Customer targeting, or simply targeting, refers to the seller of a product or service going through the steps of specifically and clearly profiling the types of customers who will likely want to buy that product or service."*[20]

5.1 Market segmentation

Market segmentation is the segmentation of the market for various consumer groups, who require different products or different marketing approach. If we speak about market segmentation we should mention a targeted marketing, which means that the producer chooses a certain market segments and according to these segments develops appropriate product and other components of marketing mix. Each consumer has specific needs and wishes. Therefore, it is not possible to work out individual marketing program for every person and tailor him its products. That's why it is necessary to find consumer groups having the same or similar needs and consumer behaviour. The definition of market segmentation can be expressed as: *"Process of partitioning into groups of potential customers with similar needs and/or characteristics who are likely to exhibit similar purchase behaviour."*[21]

Main subjects on which the market focuses include consumer market (goods intended for consumption), the industrial market (goods intended for further processing or production), government market (include the budget for roads, highways, health, military etc.), and than institutional market (include the Church and various charitable organizations).[22] Consumer market can be subsequently divided into:

- *Geographical basis*
- *Demographic basis*
- *Psychological basis*

- *Marketing basis*
- *Profit basis*
- *Quantum basis*
- *Loyalty basis*[7]

The market for industrial products can be segmented into:
- *Type of business*
- *Usual purchasing procedure*
- *Size of users*
- *Geographical market segmentation*[7]

Considering the segmentation as very universal it is inconceivable describe all possible combinations of segments.

5.2   *Marketing segmentation strategies*

When the company evaluate different segments, must later decide which and how many segments will serve. There are three strategic options for marketing:

1) *Undifferentiated marketing strategy*

It is also called as mass marketing strategy. In undifferentiated marketing the company does not distinguish differences between segments and enters the market with a single offer. It proposes some product and marketing strategy, which seeks to reach as many buyers. The company relies on mass advertising and distribution. The main objective is to give the best possible product image.

2) *Differentiated marketing strategy*

The company produces two or more products, which can vary the quality, size, design or other characteristics. Products are offered in one way (the same marketing mix) and provide to the customers varied opportunity of choice and change.

3) *Concentrated marketing strategy*

The company concentrates on one specific segment instead of several segments or the total market. [23]

5.3 Benefits of segmentation

Segmentation is a tool in distinguishing the needs of consumers. It is considered as a kind of helper in the development of new products. When the company carry out some segmentation of the market it can be later more effective as for use of financial resources. Segmentation also leads to better customer satisfaction, improve and increase the efficiency of communications with customers and also leads to better products distribution. With this marketing move the company gains a large competitive benefits and reduce the competitive wars.[22]

5.4 Targeting

Targeting process aims to select a group of potential customers who will be addressed by marketing communication. The group of potential buyers who have the same needs and similar characteristics to which the company plans to focus represents a target market. After defining and identifying the segment to which the company wants to focus must evaluate its attractiveness and consequently decide which of these segments will be the target. According to Kotler it is possible assess the attractiveness of the segment by its size, growth, profitability, investment return, and the degree of risk.[24]

Depending on the evaluation of different market segments, the company must decide how to enter into these segments and how to operate them. Kotler defines five possible approaches that company can through targeting apply:

1) *Focusing on one segment* – company chooses one segment for one product and prepares him for the marketing mix. Focusing on one segment allows the company to focus on it all activities and gain a perfect knowledge of the needs and wishes, get experience and achieve a very strong position.

2) *Selective specialization* – a company focus on several segments that are enough attractive for them, meet its objectives and available resources. Into selected segments than enter with individual products.

3) *Product specialization* – a company offers one product in several market segments

4) *Market specialization* – a company concentrates on one segment to aim to sell several products and so satisfied specific needs of different customer groups. Offering more products to this segment the company gets good reputation.

5) *Coverage of the entire market* - a company tries to satisfy all customer groups with all their products [24]

When producers and sellers identify suitable market segments, it is important to create their individual profiles to understand the real needs of the segment members and consequently to consider their business opportunities.

5.5   *Segmentation of Ethical Consumers*

There are not so many information that would describe and segment ethical consumer. Some research about ethical segmentation was made by Paal and he tried to explore and define who could be ethical consumer. According to his research we can segment ethical consumers into five groups. Although the research was executed in United Kingdom, he claims that the results can be generalized and used in other developed countries. The first segment he describe as a "the global watchdogs". This segment (5% of the total) includes wealthy people typically 35-55 years old and they fell as a powerful consumer. They are ethical hardliners and always want more information about what they are buying. They are strongly environmental friendly so they recycle, buy local and actively seek information. Second group is "brand generation". This segment he describes as a young people, mostly students around 25 years old and less. For them the ethical problems are secondary and they are also aware of their power as consumers. Next segment are "conscious consumers" and include 18% of the total. For this group is important the ethical value and quality features of the product. So they decisions are determined by quality and price, but they don't feel guilty about buying "unethical" products. For this category is hard to define the age groups and they are not brand aware at all. The fourth segment is described as "look after my own" and they have few ethical motivation. They are mostly young with age till 35 years with low income. They feel no guilty buying "unethical" products, do not feel empowered as consumers and are indifferent to environment. The last group is called "do what I can". This segment (49% of total) is the biggest group of the survey and includes

older population. Four in five of this group recycle and 70% support local shops, but they are not interested in ethical activities. They feel powerless and from their perception do not feel as ethical consumers.[25]

Paal came up with results that only thirty per cent of these segments consume ethical products. The survey was conducted in 2000 and involved 2000 personal interviews. [24]

6 Brand communication

One of the most important element in marketing communication plan is the image of company. The image influences the consumer´s attitude and interest through the promotion, personal selling, advertising and other aspects of communication mix. Thus, brand communication aims support sales of every goods or services of the company. If the brand of the company is strong enough, receives a privileged position over the competition. Thanks to quality brand position the company can be remembered only through its logo or slogan that the consumers keep in their memory. The key element is to share the meaning between two or more parties. *"Brand communication is any exchange of meaning that transfers the brand value understanding between the brand owner and the brand purchaser."*[26] It could be based on physical, emotional or perceptual value of the brand and be represented by trade dress, images or icons that are used to identify the brand. [26]

6.1 Branding

To understand what branding is I will firstly describe what the brand means. According to American marketing association brand is defined as: *"name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers."*[27] Brand is what creates every company. Thus, branding is the process of building a name and an image of any company or organization. Marketers sometimes used also terms like trademark, copyright, brand name or brand mark. Building brand or shortly branding is *"subliminal process by which a business employs marketing strategies to get people to easily remember their products and services over a competitors."*[28]

Main goal of branding is so to find distinct products from the similar products of the competitors. There are many similar products or services on the market and through quality branding the customer can choose product that would satisfied his needs and wants. Therefore, the company should deeply focus on the image for its products. With good and catchy brand the company could easier succeed on the market. [7]

Branding involves five components:

1) *Positioning* – this is what makes branding a two-way process
2) *Storytelling* – when the customer buy a brand he is the part of the story
3) *Design* – how the things are done, not only the visual form
4) *Price* - important , though less obvious aspect of the brand
5) *Customer relationship* – to make customers to feel important [29]

Brand exists mainly in the minds of consumers, and often it similar with the storytelling. In other words, the brand is what the consumer thinks about it. The work of brand manager is about creating right image of the brand in the customer´s mind. If the product is better than the customers believe it can enhance his reputation just by branding. Brands strengthen the customer loyalty through a single, easily recognizable image everywhere where the customer can get into the contact. Customers always believe that branded goods are more valuable and more reliable than unbranded products, even though both products may be similar.[29] In a literature we can find many approaches to the brand, but within this theme will be mentioned its basic functions:

- *Identification function* – the brand structures the offer, allows to identify the product based on specific characteristics, which facilitates the identification of the product
- *Guarantee function* – the brand represents quality that the customer expect, it gives him the confidence in the impossibility to assess objectively the quality of the product

- *Personalization function* – the brand communicates through placement in some social environment, contributes on the one hand to integration and on the other hand to differentiate against it[19]

Brand perception is changing along with how the world is changing. There are more and more opinions from the experts, who claim that brands are nothing more than emotions. At this time it is the ability to emotionally reach customers together with innovation and this is what now determines the value of brands (brand value). [19]

6.2 Positioning

After when the appropriate segments are defined and chosen, the positioning of the product can be defined (competitive position). Philip Kotler in his book Marketing Management shows positioning as a suitable way of distinguishing the company´s offer from competitive offers. According to him, the positioning is a process in which the offer and image of the company gains different place in the mind of target customers. Thus, the aim of positioning is creation such market-oriented value position that is a compelling reason to buy. [30]   With the continuous increasing expenditures for marketing activities by companies, particularly in the promotion area, consumers are exposed permanently increasing numbers of marketing messages. We are enough saturated by communications. The similar situation is in terms of new brands. In today´s markets there is available a large number of brands in each product category. Even in every supermarket in some categories are often so many products that rarely can one objectively evaluate all of their attributes and then choose only most suitable. It is not possible to absorb such amount of information and if has the ability to do, this activity is quite time consuming. The consumer is trying to simplify as much presented information as much as he could absorb so the message for receiver must be as simply as it could be.

Positioning can serve also for reaching a new segment, which able the differentiation inside of superior segment. [31]

Thus positioning represents way:

1) How the company wants to be perceived in consumer´s mind

2) How determines towards to competitors

3) How determines towards to other groups (supplier, customer, co-operative company)[31]

Positioning strategy can be compiled after the situational analysis, segmentation and targeting. It is also necessary to know what is the brand identity or to have an idea what identity would be appropriate for the brand. These previous processes help to shape the strategy of positioning and make individual steps of this process easier realizable. [32]

De Pelsmacker, Geuens a Van den Bergh defines individual steps in the formation of positioning strategy as follows:

1) Competitors identification

2) Evaluation of the relationship of customers to competitors, making their product and brand

3) Determining the position of competitors

4) Analysis of customer preferences

5) The decision about positioning

6) Implementation

7) Monitoring of positioning[32]

To build a share in people´s minds often requires considerable costs, as well as maintaining this share. There are many identical products and companies competing for the mind of potential customers. Being notice is getting more demanding. If the money for advertising is not enough, it is possible that big companies could take over the concept and will present it as their own. One way how to handle this problem is to narrow the geographic scope. Introduce a new product gradually in individual markets rather than nationally or internationally.[33]

6.3   Brand positioning

If the company already defines both branding and positioning must than manage all concept - brand positioning. Whole strategy of brand positioning refers to target consumer and seeks the suitable strategy through branding and positioning how to convince the potential customer to buy our brand in preference to others. Thus, through brand positioning the company must find suitable competitive advantage. The appropriate and effective competitive advantage should distinguish the company from their competitors, provide positive economic benefits and also should not be easily duplicated.[34]

There are many benefits of right managed brand positioning. It helps the company to know about the strength and weaknesses of its brand and through rapid feedback it also tell us the customer perception about the brand. If people have a good meaning about the image of the company, they will have good "word of mouth" about our product and brand. And this is one of the most effective advertisement, because it will add extra customer value. Good reputation is spreading through public mind rapidly and the company can easier reach more segments. The improvement of brand positioning is later reflect in increasing of future profits and sales. [35]

As Kotler sayes *"once the core product concept is chosen, it defines the character of the product space in which the new product has to be positioned."* [36]

There are two possibilities how we can positioned the product. It could be based on two platforms. The consumer and the competitor. If the positioning is based on the first mentioned, the consumer, all marketing campaigns and messages are targeted only on consumer (the user of the product). The second one based on the competitor, is used if the company wants compete with other players on the market. [37]

Thus, brand positioning includes identification and defining points that are similar or different in order to find appropriate brand identity and create a quality brand image. Setting a strong brand positioning is a part of marketing strategy and explain the brand details, its uniqueness and also the similarity with the competitive brands. Therefore, positioning is fundamental for increasing the knowledge and perceptions of the customers. [38]

7   Communication mix

Previous chapter of marketing communication has been largely focused on communication by creating both internal and external positive image of the company. It was mentioned how the company focuses on target customers through market segmentation and how all communication processes is directed. The following chapter is dedicated to narrower interpretation of promotion as one of the tool of the marketing mix.

The classic form of marketing mix consists of four components, i.e. "4P". It is price, product, place and promotion. The next part of this work will focus on analyzing the fourth component – promotion. Communication mix, sometimes also referred as promotional mix consists of several tools, which aims to reach strategic business and marketing goals. The composition of promotional tools is depending specially on the environment, where the company or organization operates.

Marketing communication is according to Blythe divided into marketing mix as followed:

- *Advertisement*
- *Personal selling*
- *Public Relations*
- *Sales promotion*[39]

There more dividing describing the components of marketing mix. Another model uses Kimmel and for the classical model he also adds:

- *Internet and online marketing*
- *Direct marketing*
- *SMS marketing*
- *Advertisement surroundings*[40]

In this work will be used and described model that consist of advertising, personal selling, sales promotion, public relations, direct marketing, and new media.

7.1 Advertising

Advertising is one of the oldest, most visible and most important tools of marketing communication mix. Spends on it a lot of means and there is no other marketing activities that would cause as many public debates and contradictions. Asked when the advertisement is effective and what characteristics should provide has been focused many extensive researches. [32]

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by identifiable sponsor through mass media such as newspapers, magazines, television or radio. Although the advertisement is used especially by commercial companies, the non-profit organizations and professional or social organizations used it too. The ad is good way how to inform and persuade, whether it is the purpose of selling mobile phones or persuading smokers to give up their habit. The ad is used to invoke the response of the target audience. This reaction may be perceptual: the consumer, for example, form a particular view or opinion on a given product or brand name or advertising his attitude changes. The reaction could be also behavioral: a consumer, for example, buys product or increase the quantity he purchased. [41]

Advertising takes many forms and uses – promoting a specific product, as well s a long term vision (image), that specific segments should create about the company. Through the mass media can reach a wide audience, but also due to its impersonality is less convincing. It is only one-way form of communication and may be very expensive. When the client pays for the advertisement and its spreading he also influences as well as its content. [42]

The basic objectives of advertising can be defined as:

a) *Informative*, when advertising informs the public about some new product, or its properties. The purpose of this advertising is to stimulate interest and demand (pull-strategy).

b) *Persuasive* advertising starts in the period of increasing competitive pressure, and is therefore about to impress the customer, so that they just purchase our product (push strategy)

c) *Reminder* advertising should keep our product and brand in the mind of customers, for example before the upcoming season [42]

Thus, advertising aims to inform consumers about the existence of the product, raise its features and benefits, build its image and encourage consumers to purchase.

7.2 Personal selling

Personal selling can be defined as bilateral communication "face to face", which content is to provide information, demonstrations, maintenance or building long-term relationships or beliefs of certain people – members of a specific part of the public. Unlike the other communication tools, personal selling requires interaction with customer. It is a tool of bilateral, interpersonal communication, mostly "face to face" although, selling by phone is also a from of personal selling. Compared with the advertising and sales promotion, which are more "pull" products through certain channels, personal selling is more "pressure" on sale. Personal selling is an important element of the marketing communication mix, particularly in contacts within companies. Also producers of consumer goods, insurance companies, companies providing loans and non-profit organizations gathering resource to support the Third World, consider personal selling as a necessary tool, because the majority of customers appreciate help and support provided by seller. The definition confirms our opinion that personal selling is more than just a sale and is not fully targeted to the public, but into qualified potential customers. [32]

Personal selling has in comparison with other forms of marketing communication many advantages. These advantages include, for example:

- Direct personal contact with customers and the ability to immediately respond to his behavior

- Deepening and cultivating sales relationships from simple realized selling to creating personal, friendly relations
- Building a database of good customers that allows maintaining contacts with current customers and real possibility of resale
- Using and applying psychological methods or influencing customers and the art of governs their needs and requirements [32]

Prior to the personal contact of seller and buyer, the company has to within its marketing plan make market segmentation and targeting. Then it can determine what type of customers will address. Each seller is than specifies his business plans on his own. Determine on which customers will focus, what are their needs and wishes. As such process of personal selling is executing mostly in six stages: survey, contact, presentation, comments, conclusion and further contact with the customer.

The first step in the personal selling process is survey. As a survey we understand the activity, where the seller is looking for suitable tips and creates the list of potential buyers. These are mainly persons or companies that likely to be interested in product and therefore on this perspective buyers should be focused. The second step in personal selling process is contact. Before the customer is contacted, the seller should find out as much information about the company. Based on these information decides about next going, if will be most advantageous personal selling, or just a letter or phone call. The aim is to get basic information and evoke suitable atmosphere. During the conversation describes the characteristics of the product and its use. The presentation can be described as a cornerstone of personal selling. Practically, every customer during the process raises questions concerning the properties of the product, its price, payment terms, etc. Questions are often asked in order to avoid or minimize the risk associated with the purchase of the product. For answering and comments solving the seller always must choose a positive approach. The final moment is when customer agrees with the product purchase. It is sometimes very difficult to determine. Determination of the conclusion depends on the correct estimation of the seller. The last step of the personal selling process is further

contact and it is absolutely necessary, especially when if the seller wants full customer satisfaction and possible future sale. [43]

7.3   Sales promotion

Like other tools of communication mix sales promotion is kind of procedure which focuses on short-term sales increase. In principle, it is concerned as a communication action, which should generate additional sales with current customers and through short-term benefits also attract new customers. The main features of sales promotion is the limitation in time and space, offer greater of appreciation of money and immediate purchase response. Although in the case of sales promotion we can distinguish main and subsequent effects, the efficiency can be measured much more directly than in the case of advertising and other tools of marketing communication. [32]

Sales promotion consists of short-term incentives to support basic benefits offered by product or service, encourage the purchase, sale or services. While advertising offers reasons why to buy some product or service, sales promotion offers reasons why buy product or service right now. It try to motivate the customer for immediate purchase. [41]

The first and fundamental feature of the sales promotion is its time limitation of whole process. It is realized only in a specific delimiting and consumer pre-announced period of time. Usually a few days, rarely weeks (usually, this period lasts for one week) before. Second key feature of this form of communication is the participation of customers and their active purchasing behavior in the predetermined data (i.e. only certain period of time). Depending on what type of customers sales promotion is oriented we can, consider by seller, distinguish:

Sales promotion towards to intermediaries, which includes:

- Price trade agreements
- Non-price trade agreements
- Joint advertising
- Exhibitions offering goods
- Goods exhibition support

- Meetings
- Parties, hospitalities, banquets
- Material or financial bonuses

Sales promotion towards to consumers, which uses mainly these tools:

- Coupons (issued by the producer, the consumer must meet certain conditions)
- Price discounts (for non-durable goods)
- Rebates (for durable goods)
- Price packages (temporarily at a lower price)
- Rewards (point collection and for them free product)
- Lottery (randomly drew winners)
- Competitions (games and combination of game and lottery, the winners are determined by the contest rules)
- Samples (provided to consumer for free try or a discount)

Sales promotion in retail, which includes for example:

- Discounts from price list (event, which usually lasts one week and is referred as sale)
- Retail coupons (provided as a savings to customers from retail prices)
- Double coupons (retail double the value of coupons for customer with certain conditions)
- Goods exhibitions (usually inside the store, it is about the visibility of a particular brand compared to competing products)
- Goods demonstrations (for example to show the power of vacuum cleaners, etc.) [42]

The main objective of sales promotion is considered:

- Sales increase of promoted product
- Consumption increase of promoted product
- To motivate customers to buy the advertised product and not the competitive
- To persuade customers to another repeated purchases of promoted goods
- To act on the customers to by loyal to the promoted products
- To motivate distributors to support promoted products for consumers [42]

When the company decides which form of marketing communication use, if advertising or sales support, is necessary to carefully consider all the advantages and limitations, all the different properties of these forms, as well as the goals that we want to achieve.

7.4 Public relations

Another important mass communication technique is public relations, shortly PR. It is about building good relationships with different target groups by obtaining favorable publicity, building a good corporate image and resolving or averting unfavorable rumors and events. The PR department can have following functions:

- Relations with press or press office. Creating interesting information for media or its transmission for the purpose of turning attention to a specific person, product or service
- Product publicity. Getting publicity for specific products.
- Public affairs. Building and maintaining relationships at local, national and international level
- Lobbying. Building and maintaining relationships with legislators and state officials for purpose of influencing legislation and other regulations.

- Investor relations. Maintaining relations with shareholders and other members of the financial community.
- Development. Relations with donors or members of non-profit organizations to obtain financial support or volunteers. [41]

Communication with the public has two basic levels:

a) communication with internal business environment
b) communication with external environment

Communication with internal environment, so called "inside", the company tries to impress its own employees to have positive attitude about the company, identify with its interests and objectives and to talk about the company only in a positive, whether in the course of its employment, but also in private and in public (e.g. in restaurants, at various public meetings, cultural events visits, etc.) Recently, this form of communication is called also internal marketing and its main objective is the continued strengthening of loyalty of all enterprise workers.

The communication with external environment, so-called "outward", the company again seeks to build good relations with its environment, i.e. with its (and potential) customers, suppliers, inspectional and administrative authorities and also with social, cultural, social and sport organizations, press, radio, television, etc. The correct realized activity in public relation area contributes to building and maintaining a reputation (image) of business. [42]

7.5 Direct marketing

Direct marketing becomes part of our everyday life, even when we don't realize, it increasingly influences our consumer behavior. It is one of the fastest growing part of marketing communications. However, most people not even know what the term direct marketing means. Usually they imagine under this term some item in their mailbox that contains offer of various goods, accompanied by letter. According to the Direct Marketing Association (DMA) the definition of direct marketing is followed: *"Direct marketing is an*

interactive system using one or more advertising media to create measurable responses or transaction at any point.”[43]

Direct marketing represents a direct communication with carefully selected individual customers in order to receive immediate feedback and to build long term relationship with customers. With direct marketing the managers communicate directly with customers, often in individual and interactive discussions. Using detailed databases adjust their marketing offers according to the needs of narrowly defined segment or even according to individual buyers. In addition to building brand image they are usually seeking direct, immediate and measurable reactions of customer. [41]

The main forms of direct marketing include personal selling, telemarketing, direct mail, mail order catalogs, teleshopping and online selling. Marketing by telephone or telemarketing represent direct selling products or services through telephone. Direct mail involves sending offers, announcements, comments or other thing to a person at certain address. Using carefully selected lists marketers annually send millions of consignment – letters, advertisements, samples, brochures, video or audio tapes, CDs and other “winged vendors.”

Shopping through catalog became so sharply as the Internet, even there are few who remember. There was also some similarities – no one had to go to the shop and the catalog offered a huge selection and low prices. Today, when the growth of catalog purchases has slowed, catalogs use more and more retailers, who see this as another opportunity of sales promotion. However, the rapid development of technology together with the focus on one-to-one marketing led to dramatic changes in mail order catalogs. The development of internet brought huge changes and so more and more catalogs are changing into electronic form. However, the internet has not destroyed the printed catalogs yet. Online catalogs currently make about 13% of all catalog sales. Printed catalogs still remain the primary medium and many originally only electronics companies are also began to offer them.

Teleshopping with direct response has two forms. The first is a direct response ad. It is about spots with 60 or 120 seconds long, that with persuading form describing the product or service and provide customers free telephone number, where they can order. Another form are shopping channels, television programs or even all stations, that have one goal: to

sell goods or services. Programs offering discount prices of products like jewelry, lamps, toys, clothes or consumer electronics. [41]

In recent times, more and more primary defined customer segments are further broken down into smaller, more profiled target groups. Direct marketing can take two forms:

1) Addressed direct marketing in which bids are addressed (and thus directly addressed) to specific persons, which are usually entered into the corporate client database.

2) Unaddressed direct marketing addresses selected segment of the market, but not named a specific persons. However, even in this case the offer is targeted quiet directly and selected segment is also often chosen from the corporate database. [42]

The advantages of direct marketing could be:

- Targeting on clearly defined and meaningful segment
- The effectiveness of targeted and two-way communication allows more personal relationship with customer
- The possibility of controllable, measurable reaction on certain offer
- Illustrative demonstration of the product
- Long-standing use [42]

7.6   New media

In these times there is a huge global increase of internet and mobile phone users. Thus, this media is becoming a dominant part of communication mix. Due to the inevitable rise of internet and mobile phone users all businesses must adapt to this trend to maintain its position on the market. In the cyberspace created by new media are emerging more and more opportunities, thus it is necessary to be flexible and use these opportunities to convert from classic media into new media.

Graph No. 1

Inernet users in Czech Republic
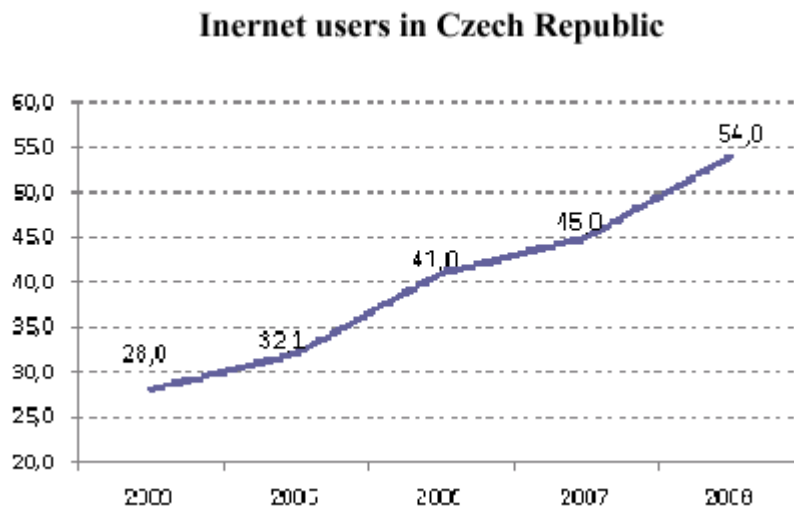
Source: ČSÚ, 2010 [Online]

7.6.1 E-marketing

Electronic, digital, on-line or internet marketing. All this include today activities carried out through electronic media. In addition to the mobile phone the core technology for spreading information or other services is now internet.

E-marketing can be used in individual components of communication mix as a means of achieving the overall marketing objectives, for example:

- o Advertising – banners, advertising in browsers, contextual advertising
- o Sales promotion – competitions, discount coupons, loyalty programs
- o Public relations – online media articles, press releases, user communities
- o Direct marketing – direct mailing

E-marketing could be also classified as a separate component of communication mix and focuses on integrated marketing communication through e-marketing. [32]

7.6.2 Mobile marketing

If we talk about advertisement via mobile phone we talk about the area of mobile marketing. Mobile marketing is one of the most rapidly growing and dynamic marketing tool that is gaining lot of popularity and becomes very potential. The basis for mobile marketing is a prerequisite of technical equipment of target group. Mobile marketing can be included same as e-marketing in some components of communication mix, for example:

- Direct marketing – delivering of addressed or non-addressed marketing messages to mobile
- Public relations – articles published on the portals of mobile marketing
- Advertising – banner advertising on mobile internet web-sides, advertising send out through MMS/SMS

The main advantage of this communication tool is its efficiency, another benefit is rapid preparedness of action. The start of any mobile campaign can be ready within a few days, so it can elastic reacts on the market needs. It is flexible, personal and interactive. The campaigns can be individualized according to the behavior and demographic profile of the receivers. [44]

7.6.3 Viral marketing

The literal translation of viral marketing is the ability how to get customers and how to persuade them to speak about the product, service or web-side between each other. Originally it was related to some kind of "grapevine", mouth-to-marketing, but due to the internet it took another dimension. The report spread quickly and exponentially. The virus message is an information with so interesting ad content for persons, that they spread it further by their own means. [44]

There are three important parts of the tactics. In terms of content the message must contain creative idea, which not only addresses, but will be fun and interesting. The report places through their own databases or web-side. In the end it must be evaluated the efficiency in comparison with the content, estimate response and reaction of demand for certain product or service.

7.6.4 Social networks

Social networks are en extension of the classical web. They are interactive presentations of 2.0 web, through which users are connecting and communicating each other. People are joining in social networks according to common interest. For example there are creating groups with similar music taste (last.fm), or groups with common friends (Facebook). The popularity of social networks is very rapidly increasing and one of the most spread social networks is Facebook. This medium has a great potential and currently Facebook uses almost 1 billion users!

8 Practical part

8.1 Analysis of the company and its environment

8.1.1 SWOT analysis

SWOT analysis represents summary of the area analysis and internal analysis of Mamacoffee brand. Factors indentifying possible opportunities and threats were gained from brand surroundings analysis. Strengths and weaknesses of Mamacoffee were revealed by internal analysis.

Table No. 1: SWOT analysis of Mamacoffee

STRENGTHS	WEAKNESSES
• Easy storage and manipulation • Easy preparation • Friendly environment • Training and cultural center Krásovka • Favorable retail price • Well educated personal • Fair Trade products • Location • Own roaster • Product quality • Technical equipment • Ethic-friendly award	• Weak awareness about brand • Small space in Korunní and Jiřího z Poděbrad • Marketing communication • Website • Short history
OPPORTUNITIES	**THREATS**
• Growing interest in global issues • Growing interest in Bio products • The willingness of consumers to try new products • Long-term grow of living standards	• Economic crisis • Unstable political situation in countries where coffee is grown • Big franchising coffee companies • Large concentration of gastro businesses

8.1.2 Introduction of Mamacoffee

Mamacoffee is a network of cafes offering Fair Trade products, and in addition has its own coffee roaster. Mamacoffee has cafes both in Prague and also in Slovak Republic. The aim of this work is to monitor communications means, which the company uses to communicate with customers.

Basic data

Name: Mamacoffee, s.r.o.

File number: C 136329

IČ: 28364601

Place of business: Vančurova 3148/11, 615 00 Brno

Executive director: Daniel Kolský

Deposit: 100 000 Kč

Repaid: 100 000 Kč

Business share: 50%

Registered: 21.3.2008

8.1.2.1 History

Mamacoffe was founded in 2008 by married couple Mr. and Mrs. Kolský. Their former knowledge from running cafes led them to establish their own business. They decided to not only sell coffee in their companies, but also to process and import the coffee on their own. In the beginning, they started with small internet shop, where the coffee was mostly for friends. However, gradually the company has grown and now they boast four cafes in Prague, one in Žilina, they have partnership cafes and presently they are building a training center. The business approach of the company is evident from the fact, which products they decide to offer. Mamacoffee has obtained the license for sale, processing and import Fair Trade coffee as the first company in Czech Republic. To know, what they really offer they decided to go on a journey to the cradle of coffee – Ethiopia. The owners, married couple Daniel and Marta Kolský, a few years ago decided to establish first – and so far the

only – fair trade coffee roaster in Central and Eastern Europe. Later, mamacoffee began buying coffee directly from African producers based on fair trade principles, where the fair trade conditions, contributions to community and long-term business relationships for producers in developing countries are secured. At present, they have ten fixed employees and around fifty temporary workers.

8.1.2.2 Business objectives

Naturally, like any other economic subject also Mamacoffee aims to increase sales and extend offered range of products. At the moment, the owner Mr. Kolský does not speculate about opening a new cafe, but according to him the long-term objectives are defined so. Mamacoffee is based on the network of cafes, so the future aims will lead to a great expansion not only in the Czech market, but also in Slovakia. The short-term goals are at the moment reconstructing former cafe Krásovka into new training center. This platform should provide space for new employee training, meeting space for employees, seminars, lectures, cafe tasting, bar courses, concerts, theaters, etc. One of the short-term goals is also to extend the range of goods and offer more fair trade commodities. Although, Mamacoffee is primary focused on cafe products, they would like to also try to offer non Fair Trade coffee to reach higher exclusivity. At present, Mamacoffee do not think about establishing new cafes, but the owners are speculating about creating a new franchising brand that would cooperate with local partners. The range of products – coffee, tea and chocolate – would be fixed and something local would be added. At the same time they prepare sale of three new products – tea from India, chocolate from Peru and sugar from Ecuador. There are also emerging some local projects such as sale of Czech cider.

Mamacoffee actively participate, often as a form of partnership or workshop, in cultural life in Prague. Through frequent participation in cultural events communicates with external audience. Thus, its goal is to maintain this position and seek new market opportunities. The obvious objective is than constantly keep bringing the premium coffee from around the world to Czech customers and through Fair trade cooperate with a number of gastronomy enterprises, business companies and other retailers.

8.1.2.3 Network

As mentioned above, Mamacoffee is primary network of cafes and sell fairtrade products. Under the term Mamacoffee we can imagine a network of four cafes, building up the training center and fairtrade product retailer. The following section will individually briefly describe each cafe with Mamacoffee brand (Cafe Pod Lipami won´t be studied, because is conducted under different company).

Jiřího z Poděbrad

This cafe is located in Praha 3 in Náměstí Jiřího z Poděbrad 12. Due to the relatively frequent and visible location do not lack customers. The opening hours are: Mon – Fri: 8:00 – 19:00 and Sat – Sun: 9:00 – 19:00. It acts as a small cafe offering fairtrade products and homemade produced goods. In addition it also offers homemade fruit ciders, FT juices other soft drinks and own cakes. Mamacoffee provides cafe to go and mainly in this café, which is situated next to the majestic Roman Catholic church has success. Although offers a small space, only eight seats, most of the customers are using cafe to go. Together work here five part-time workers and one chief operations officer. There is a pleasant atmosphere mostly visited by young people.

Korunní

Mamacoffee in Korunní 46 street in Prague 2 is the smallest café, which Mamacoffee has. The opening hours are: Mon – Fri 8:00 – 19:00 and Sat – Sun: 11:00 – 19:00. The range of offered products is same as in other cafes. This cafe is also located in a quiet busy street, and therefore has considerably higher revenues from cafe to go. As in other cafes offers the opportunity of purchasing cafe to home (beans or ground). During the summer season provides a small seating area outside the café. There are four part-time workers and one chief operations officer.

Londýnská

First cafe opened by Mamacoffee was in the street Londýnská. The opening hours are: : Mon – Fri 8:30 – 20:00 and Sat – Sun: 10:30 – 20:00. This cafe provides much more space than in cafes Jiřího z Poděbrad and in street Korunní. Before the bar is situated quiet large outside seating so it is well recognizable from the street. After the cafe in Vodičkova street this café has the largest sales, it is mainly due to busy location, summer outside seating and bigger space. Like the others Mamacoffe cafes this one is also non-smoking. There are ten changing part-time workers and again one chief operations officer.

Vodičkova

Café in Vodičkova street is the most noticeable cafe of Mamacoffee network. It is locate in the center of Prague, which is also reflected in sales. It provides large two-storey space, which is the part of Minor theatre. Because of this large space it is designed for a variety of cultural or educational events. Thus, cafe dispose with its environment not only for tourists, but mainly for business meetings or just friends meeting. This cafe has also own kitchen and bakery. In the top floor is possible to connect to wi-fi and also runs its website. Opening hours are: Mon – Fri 8:00 – 22:00 and Sat – Sun: 10:00 – 22:00. There are thirty employees working.

Literárna kaviareň Žilina (SK)

This is the only cafe of Mamacoffee that expand abroad. It is located in the center of Slovak city Žilina and serve as a part of bookstore Artforum. Thus, there are taking place various events, especially meetings with authors of books. It has its own website and opening hours are Mon – Fri 9:00 – 19:00 and and Saturday 9:00 – 13:00. Since it is not purely individual Mamacoffee café and it is not situated in Czech Republic will not be studied.

8.2 *Marketing communication of Mamacoffee*

Mamacoffee operate on the market only since 2008 and therefore does not have enough resources that could be invested in marketing activities. There is no defined goal, strategy or procedure. The following information in marketing communications of Mamacoffee is so on the basis of finings from interviews conducted with narrow management, on observation and careful studying internet and printed articles.

8.2.1 *Corporate communication*

The organizational structure of Mamacoffee is relatively liberal set. As has been said the founder and owner is Marta and Daniel Kolský. The position of director executes Martin Vagus and marketing activities are lying within Štěpán Šikl authority. The part of Mamacoffee is also accounting, roasting and packing room of fairtrade products and also chocolate factory. Each cafe has its chief operations officer, who is responsible for the proper functioning of individual cafes. Other employees are the roaster, cook (Vodičková) and stuff serving the customers. Total number of employees is around sixty members.

The long-term objectives and important decisions work on the vertical principle, i.e. from director to employees. Short-term objectives such as suggestions, comments or complaints are dealt at the horizontal level. For effective functioning Mamacoffee uses both types systems.

Mamacoffee applies especially democratic way of management, which is than reflected on the relationships among employees. Relaxed atmosphere with emphasis on quality are the main advantages of the company. Whether it may be a vertical or horizontal way of communication it is conducted primarily through oral and electronic form. Once a week all employees are meeting in training center Krásovka, where through brainstorming they solve short-term goals, current operation of each cafe or complaints. Operational issues such as working hours of individual employees, current changes or recommendations are made by electronic form (Internet, mobile phone). Each chief operations officer then takes care of his employees. They have own meetings and looking after "their" cafe.

Management and employees for communication use mainly e-mail, where within operating calendar and shared documents learn about any changes both in personnel or

organizational character. Thus, the ordering party of any task can see if the information came at the right time an in proper form. In this way there is a immediately feedback.

Each cafe is a certain community and therefore the relationships within the employees are influenced by the location. For better communication and clear definition of workers according to location, they are called themselves by the name of the street, where each cafe is located. For instance, Londoners, Koruňáci, Jiříci or Vodičkáři. This method speeds up communication and negotiations with individual cafes.

Most employees work on long-term employment – work agreement. Thus, Mamacoffee management has secured reliability and expertise of individual worker. Each candidate applying for place in Mamacoffee must go through tender and than is trained in training center Krásovka. Training usually takes one weekend and information provided to applicants are regarding especially to thorough coffee service and individual establishments service. New employees should be able to know about each coffee product, what is fairtrade and ethic-friendly and provide information about activities of Mamacoffee. Thus, each worker must provide top-class information about offered assortment.

Communication within management and employees has informal character.

8.2.2   Target segment

Due to lack of systematic survey providing information about customer segmentation, the target segment of Mamacoffee will be described on the basis of interviews with the management and short-term observation. The empiric analysis concerning target segment will be described in part of the work, which is based on questionnaire survey. The only source indicating what type of customers visit and buy Mamacoffee products was made by small questionnaire in cafe Jiřího z Poděbrad. We can not generalize the results, because every location has its specifications for target customers. Thanks to the interview with Štěpán Šikl was found that the biggest segment of customers are women aged 25 – 33 years. It is about 70% of all customers. It is people who are living in neighborhood and prefer high quality coffee with fairtrade license. This group is mostly university educated

and has an average income. Second most significant group are passing by people who buys cafe to go. It is a segment between 30 to 40 years old people. This group is not so interested in fairtrade, but they prefer quality coffee. Another secondary segment is in the cafe Vodičkova. The biggest group is again mostly young generation, but just behind them are people from 40 and more years old. It is due to the location and bigger space that serves also for business meetings. Often addressed group in Vodičkova are also passers-by, mostly tourists.

According to the numbers of "like" on social network Facebook two thirds are women. However, as for the customer segmentation, we can not give a fundamental importance to this medium, because it is supposed that older generation does not use social network that much. To reach also older segment of customers, Mamacoffee is actively participating in Farmer´s market, where buy mostly older generations.

Another major segment are retailers, who buy from Mamacoffee fairtrade products such as coffee, chocolate and soft drinks They are mostly small cafes, creperies or partner companies and non-profit organizations like People in Need, One World festival or citizens association Berkat.

8.2.3   Branding and positioning

The logo is made up by bold and big writing "Mamacoffee", which is clearly visible from the street. It uses slogan: "caffee with story". The slogan thus indirectly says that is about fairtrade and the word "story" may evoke kind of curiosity. The font is black and white and is clearly readable and relatively well remembered with Fairtrade marking. The name Mamacoffee should says that offer the best from the mother of Earth. Although for some people it can be understood as something related to "mommy" and it could be quiet misleading.

Figure No. 5: Current Mamacoffee logo

Source: www.czechlion.cz/ partneri/mamacoffee.png

The interior of individual cafes should symbolically indicate that Mamacoffee is brought from every corner of the world. So, the visual background underlines its overall concept. When the customer enters Mamacoffee, he should sees fresh coffee in shelves, top quality coffee machines, photographs from the coffee growing areas and together with pleasing background music make overall impression with emphasize on quality. Each cafe uses unified design for dishes, drink list and other equipment. According to the location the dishes than differ from its color. Thus, the overall and unified image is the strength side of Mamacoffee. The website are clear and well arranged and the visitor can take a look at every cafe individually. For updating uses simply blog.

Thus, under the term Mamacoffee we can imagine top quality (own) coffee with fairtrade license and really pleasant environment that differs it against competition.

Mamacoffee brand has on the market its position especially due to its quality coffee, which has the fairtrade license. There are thousands of cafes in Czech market many of them are some individual subjects but we can find also domestic or international cafe chains like Starbucks, Café Costa, Kava Kava Kava, McCafe, Cross Cafe, Coffee Heaven, Emporio Café, Coffee&Co, Gloria Jean´s etc. The advantage witch Mamacoffee has entered the market is mainly fairtrade coffee. From above mentioned cafes only Starbucks offers fairtrade coffee. However, this company is so gigantic that it is impossible to direct competitive "fight". All of espresso, whole grain coffee and drinks based on espresso are offered in all cafes Starbucks in Czech market are from 2010 certified as Fairtrade. This fact is also applied for whole European market which means that Starbucks is serving more than three hundred thousand fairtrade espresso drinks every day in Europe. Thus, Starbucks is the biggest buyer of Fairtrade coffee in the world. It is a giant in the field of coffee and therefore must be considered as a indirect competitor, as well as the McCafe or Cafe Costa. But the last two mentioned don't even serve fairtrade products. The price of Mamacoffee coffees does not differ that much from the other significant chains. Thus, the fairtrade certification represents for Mamacoffee competitive advantage. Most of the above-mentioned cafes use too modern design. Mamacoffee prefer authenticity, which is reflected in the style of each cafe. People have the opportunity to enjoy coffee or other drinks in calm and not hectic environment focusing on really good quality and fairly processed coffee. Furthermore, own roaster moves Mamacoffe to the top position of

fairtrade café in Czech Republic. Fairtrade certification has also soft drinks (juices, mate tea) and chocolate. Here is loosing its position also Starbucks. Obviously, we can find other small cafes that indirectly offer fairtrade coffee, but they do not represent direct competitors for Mamacoffee. Thus, Mamacoffee fill the gap on the market by fairtrade coffee that roasts by own hand.

Therefore, Mamacoffee has these advantages over the competitions:

- Fairtrade license for coffee and soft drinks
- Own roaster and packer
- Authentic and picturesque areas
- Possibility of organizing cultural and educational events
- Ethic-friendly mark
- Frequent locations
- Possibility of purchasing fairtrade coffee through e-shop
- Various offer of serving coffee (espresso, kafetier, french-press)
- Qualified stuff
- "Czech" products
- Wide range of coffee
- Non-smoking cafe

Disadvantages over the competition is mainly small space, especially in Korunní and Jiřího z Poděbrad. This fact sometimes discourages customers. Mamacoffee could also find a better way how to be more visible. Many people in the city center of Prague still prefer to go to Starbucks or McCafe while in Vodičkova street Mamacoffee offers large and far more pleasant space. Another disadvantage could also be the non-smoking area. Many people associate coffee with cigarette.

For brand promotion Mamacoffee is participating on music, theater or movie festivals. Organize events (exhibitions, concerts etc.) and every Saturday sell coffee in Farmer´s markets. Promotion will be carefully described in following sections of communication mix.

8.2.4 Communication mix

8.2.4.1 Advertising

Advertising is primarily paid publicity and as already mentioned Mamacoffee does not have sufficient funds to allow pay for advertising in classic media. The only form of larger promotion was the advertising in Radio 1. In 2011 in Radio 1 took place advertising spots that attracted customers to visit Mamacoffee cafes. Due to the high costs of this spots, management had to leave this form of promotion. The printed media use as the form of barter. Through barter Mamacoffee is having advertising in magazines such as musical magazine Fullmoon, gastro magazine La Cucina Italiana or Studentský list issued by University of Economics. In electronic form within the paid promotion is Mamacoffee presented in classical gastro search engine www.lunchtime.cz and tourist focused www.touristic.cz.

8.2.4.2 Public Relations

Public relations (shortly PR), image and corporate identity create three pillars that are the fundamental for effective public relations. Mamacoffee does not have enough free funds, and thus the majority of promotion is directed do public relations. The following table describes how Mamacoffee uses PR tools to communicate with external environment:

Table No. 2: Public Relations

PR forms	Description
Cultural event participation	**Festival Jeden Svět** - festival of documentary movies about human rights, Mammacoffee as a partner and main coffee seler **Febio Fest** - international film festival, partnership **Sázava festival** - music fastival, coffee stand **Design Supermarket** - international exhibition of contemporary design, coffee stand **Letní Letná** - festival of new circus an theatre, coffee stand **Zažít město jinak** - street festival, coffee stand **Prague Writer´s festival 2012** - festival of writers, autograph session of leading Czech writers in cafe in Vodičkova street **Farmer´s market** - home-made product selling - coffee stand
Own events	**Early evenings with coffee about coffee** - program is focused on coffee presentation and its handling, other part of the program is coffee degustation, programs taking place once a week and is necessary reservation, maximum presence is ten person - taking place in training center Krásovka
Exhibitions, concerts, theaters	Regular **photo exhibitions** in Vodičkova street, occasional concerts and theaters in training center Krásovka
Charity	**Fashion second-hand** in 2010 - the proceeds from the sale supported Domov Sue-Ryder - seniors care
Relations with media	**Free breakfasts for journalists -** Within the regular exhibitions
Trade shows	**Top Gastro** - food trade show, Mammacoffee in cafe section

Awards	**Ethic-Friendly** - employer award for ethical handling with ethicaly different inhabitants, Mamacoffee employees people from developing countries **Business Rebel 2010** - Vodafone awards for responsible companies
Partnerships	**People in Need** Citizens association **Berkat** Citizens association **Agnes** Citizens association **Fórum 50 %** Citizens association **Apla** Citizens association **Okamžik** Citizens association **Letní dům** **Auto*mat** **Společnost pro krajinu** **Junák** - association of boy and girl scout in Czech Republic **Česko proti chudobě**

Source: Author

As we can see PR activities are the most dominant component of Mamacoffee communication mix. It presents mainly in events like festivals, both musical and movie. Through this events Mamacoffee addresses large group of people and thus gets into awareness of current or new customers. The festival stalls bring not only greater sales, but mainly through this way of communication addresses certain segment and provide them media publicity.

The training center Krásovka is an integral part of secondary activities that Mamacoffee does. There are trainings, educational evenings, tastings, concerts, theaters or workshops. It creates valuable an reliable image and through this way communicates with external and also internal environment. The participation is limited due to space and visitor can feel in trustworthy and friendly environment. Lectures and discussions are held every Wednesday from 18 hours. During the "Evenings about coffee" as the principal and regular program, participant has opportunity to learn about made coffee procedure, gets basis information about coffee preparation and also how to buy coffee, how to grind it and store. During the

tasting evening participants has opportunity to taste all coffee that Mamacoffee produces and sells and thus they learn assess and evaluate the basic elements of taste. Within the Krásovka as a cultural center held also these events: opening of photography by Kateřina Měšťánková titled "Say Mama", film screening "The fate of outlaws", chanson evening by Markéta Burešová, Tydle knedle (IMPRO Samé vody), Fagi (Theater DNO), Pullover (Studio DAMÚZA) or travelogue Peru – country of Inca. Thus, the center Krásovka represents communicational channel by which Mamacoffee strengthens its image and gains new   customers. In 2010, Mamacoffee organized big charity shop, where clothing was sold for 65, 000 CZK and the money went to House Sue Ryder that takes care for the elderly. This even attracted lot of new faces and support coffee sales and emphasized the emotional appeal. Within the Writers' Festival Mamacoffee had the honor to host big personalities of Czech literature, who were meanwhile signing their books. This autograph session was one of the most significant PR event where came many journalists who were later mentioning Mamacoffee in their published articles. Mamacoffee also offered them free breakfast. Another important moments in Mamacoffee history were two awards. The first is Ethic-friendly, that rewards employees who employ ethical different inhabitants or immigrants. With this award the brand value rose and strengthens its quality. The second award was "Rebel of the year", which gives the phone giant Vodafone to responsible companies. Mamacoffee is also very active by cooperation with various non-profit organizations, where not only distribute coffee but also participate with them in various projects.

8.2.4.3 *Direct marketing*

The only form of direct marketing is sending newsletters to the mail. When customer visits main Mamacoffee website can register through e-mail and will receive news about coffee offer and activities in which Mamacoffee participates. Other option is leaving an e-mail in the bar and concerned worker will put it into registration.

8.2.4.4 *Sales promotion*

Sales promotion is relatively weak part of communication mix of Mamacoffee. One of the few activities that Mamacoffee is doing to promote sales are coupons which customer receives when purchasing coffee. Customer marks small pictures of coffee and every ten

coffee gets free. The coupons are divided by color that determines location. Every café has different color of the coupon so the sellers can see from which cafe the customers are coming from. It stimulates the re-sale and held its customers. In 2011 Mamacoffee through social network Facebook organized small competitions where first three participants who correctly answered the question got a free coffee. Every year during the Christmas customers are receiving small gift in the form of small sack of coffee. Mamacoffee also sells gifts like textile packets, flaxen bag with Mamacoffee logo to which customer can pack the bought goods. On its e-shop also offers coffeepass, which can serve as a present for birthday or for other purpose. Coffeepass represents form of regular subscription for receiving coffee every month. Subscription can be direct to companies or households. It is a saving for standard coffee purchase so the customer gets a quantitative discount. Coffeepass is possible to subscript for six or twelve months. Also when buyer buys through e-shop two or more kg of coffee gets 5% discount, 5 and more kg gets 10% discount, 7 and more kg gets 15% discount and 10 and more kg gets 20% discount.

8.2.4.5 *Personal selling*

Mamacoffee do not use any form of personal selling therefore in the part which will be devoted to suggestions of new communication mix will personal selling fill the gap of current mix.

8.2.4.6 *New media*

New media represents one of the fastest growing areas of communication mix. If some company is not registered on internet it is like does not exists. While Mamacoffee was opening the first cafe in Londýnská street at the same time has launched website www.mamacoffee.cz. Pages are kept both in Czech and English language and are very user friendly and enough informative for visitors. The upper part contains photos that are rotated every ten seconds. On the home page there is a short story about Mamacoffee project, in the middle are news pointing out activities carried out and on the right part after click can visitor skip to the Mamacoffee blog. Below is the interface offering individual cafe view and its description. The important part is already mentioned blog that offers more information about Mamacoffee activities and thoroughly devotes coffee description. The training center Krásovka and cafe in Vodičkova street have individual websites. Since

the training center is under reconstruction so its pages are at the same stage. On the website of cafe in Vodičkova street we can also see general information about Mamacoffee and than the visitor can take a look on food and drink list and photographs of its space. The website also provides information regarding to weekly soup menu and current information. Pages are unfortunately little bit chaotic and for visitor can be also confusing.

Currently, the social networks have huge potential also in commercial activities, especially Facebook. Mamacoffee has 1954 "fans" which is relatively high number. Thus, it can daily communicate to almost 2000 person. Through this social network addresses its "fans" with current offers and news. Mamacoffee also uses Facebook as a method of information collection, that can be later used for any changes in offered assortment. Mamacoffee used this opportunity when wanted offer also non fairtrade coffee and asked the "fans" about their opinion. The result was that the majority of the respondents was against this innovation, and favored only the offer of fairtrade coffee.

On main website offers also the possibility of direct purchase through e-shop. There not only coffees, but also fairtrade tea, chocolate and sugar from Malawi. Customers can also buy accessories for the home coffee preparation. Method payment can either cash on delivery, through paypal or cash on pick up in the cafeteria.

8.3   Positive aspects of communication mix

Because of not defined marketing strategy and so also consequent communication mix, we can not expected very positive evaluation. Most of promotional activities are directed to PR. It is a logical step due to financial availability and represents also effective communication. Participation on festivals makes Mamacoffee more visible and gets into the awareness of especially young people who also represents the target segment. Definitely important step within the communicational mix was creating the educational and cultural center Krásovka. Through this center the customers can see the backstage of coffee preparation which enhance the image and during the cultural events can customer find themselves in a friendly and non-formal environment. Unified image that Mamacoffee uses in all cafes defines its concept and thus becomes easy memorable for customers. Other positive aspect is internal communication. All employees are well educated and mutual communication is on the good level. They regularly meet so the workers know each

other well and thus they find themselves in a very friendly and democratic environment. Through well managed management and strong owner Mamacoffee has reached a specified segment of customers, which represents young and educated people.

8.4   Negative aspects of communication mix

Insufficient financial resources which would enable better promotion are the reason for poor developed communication mix. The absence of person that would strongly care about marketing activities underlines this fact. Although Mamacoffee is from economic point of view self-sufficient and profitable, but capital invests mainly to the assortment and to educational and culture center Krásovka. Even though, the website is very clear and simple but there is a missing link to social network Facebook, which would allows immediate connection with updates and Facebook. Also, after choosing English language the news are still written in Czech language. The website of cafe in Vodičkova street has confusing structure and thus may discourage visitors. Communication through this social network is not fully utilized and should be managed to provide more actual information and communicate with "fans". Within the PR activities Mamacoffee should also participate in outside Prague events such as music or film festivals. Simple stand can speaks to large audience during these events. Another drawback is the lack of fairtrade products support. When entering one of Mamacoffee café the customer should recognize that this is a fairtrade cafe, but the mention about fairtrade is only in the side board. For instance, if the customer chooses from the offer coffee from Costa Rica, there is no mentioned that is fairtrade coffee. Moreover, the fact that Mamacoffee wants to extend the range of non-fairtrade coffee can seriously damage its image and thus discourage the current customers, who strictly believe the fairtrade idea. Sales promotion activities should be more directed to support quantitative discounts not only by e-shop, but also in all cafes. Exhibitions, concerts or other cultural and educational evenings should use also different communicational channel and not only website of Mamacoffee and social network Facebook.

8.5 Hypothesis evaluation

The aim of stated hypothesis was to find out, on the basis of communication mix, if Mamacoffee brand sufficiently communicates with university students. From the analysis of communication mix follows that most of the tools are focused on addressing narrower segment of customers. Mamacoffee addresses primarily younger generation, mostly women with ages ranging from 25 to 35 years. However, it does not fully communicate with students. The hypothesis that Mamacoffee by its communication means sufficiently and effectively communicates with students can be rejected.

8.6 Characteristic of new target group

In Prague there are several universities with thousands of students. The total amount of students in Prague universities, such as Charles University, University of Economics, Czech University of Life Science, Czech Technical University, Academy of Arts, Architecture and Design, Academy of Fine Arts, Academy of Performing Arts, and other private universities is approximately 130.368 students.

Table No. 3: Number of students at Prague universities

University	Number of students
Charles University	31.020
University of Economics	20.135
Czech University of Life Science	22.000
Czech Technical University	17.342
Academy of Arts, Architecture and Design	400
Academy of Fine Arts	282
Academy of Performing Arts	1.269
Private universities	37.920
Total	130.368

Source: official websites of universities

Mentioned number of students thus put Prague on the first position in total number of students in Czech Republic. Although, this huge segment is frequent target of marketing strategies, it still offers a wide range of options. Students are looking for fun, sport, music, alcohol and thus they are large economic potential in the city. A study "University student in Czech Republic in 2005" made by Center for university studies offers several important data that can closer this potential segment.

The total average amount that students have available per month is 5.440 CZK. [45]

Income of students

The largest part of incomes that students during the study gains are from parents (3.120 CZK) and second highest income represents own extra incomes (3.060CZK).

Table No. 4: Average amount that students gain from individual sources

Allowance from parents	3120
Allowance from a partner	1126
Own extra income	3060
Merit scholarship	820
Income support	910

Source: Study "University student in Czech Republic in 2005".[45]

Expenditure of students

In expenditures that are related to the study – accommodation, food, traveling, public transport, books there are significant among students who are studying public or private university. Students in public universities spend in average 3.020 CZK per month meanwhile students in private universities spend in average 8.090 CZK, which is mainly attributed to the amount that they have to pay for scholarship.

With total average expenditures and total average incomes it means that average university student has for voluntary spending an average 2.420 CZK (5.440 CZK – 3.020 CZK). Thus, it means that total amount of full-time students represents economic power with value 315 mil. CZK per month (2.420 * 130.368 = 315.490.560 CZK/month) [45]

Leisure time and entertainment of students

As the following table indicates students has, despite the workload, 16-20 hours of free time per week (from Monday to Friday). To fill this time, they usually do activities like sport, culture or time spent with friends.

Table No. 5: Number of hours devoted to leisure time (in%)

Time range	%
Till 5 hours	5,4
6 - 10 hours	18,1
11 – 15 hours	8,2
16 – 20 hours	18,8
21 – 30 hours	14,7
31 – 40 hours	6,1
41 and more	5,9
Do not have free time	22,8

Source: Study "University student in Czech Republic in 2005".

More than half of university students regularly spend their free time on the internet and more than once a week. They use it as a possibility to communicate with school, for searching information, for work or just for fun. The following table shows that more than 90% of students spend their time on internet regularly or sometimes (at least once a week).

Table No. 6: Use of the internet by students

Frequency	%
Regularly	67,7
Sometimes	24,9
Occasionally	5,7
Generally no	1,7

Source: Study "University student in Czech Republic in 2005".

8.7 Recommendation

Based on the analysis of the communication mix of Mamacoffee and subsequent questionnaire survey, will be proposed three ways how to improve the of current

communication mix. As mentioned, Mamacoffee does not have sufficient amount of free funds, and thus the proposed strategies will make much of this fact. Marketing communication will be addressed to the segment of university students, because according to Štěpán Šikl, the majority of Mamacoffee customers are mostly young people who drink coffee. Following table shows percentage of students drinking coffee.

Graph No. 2: Do you drink coffee?
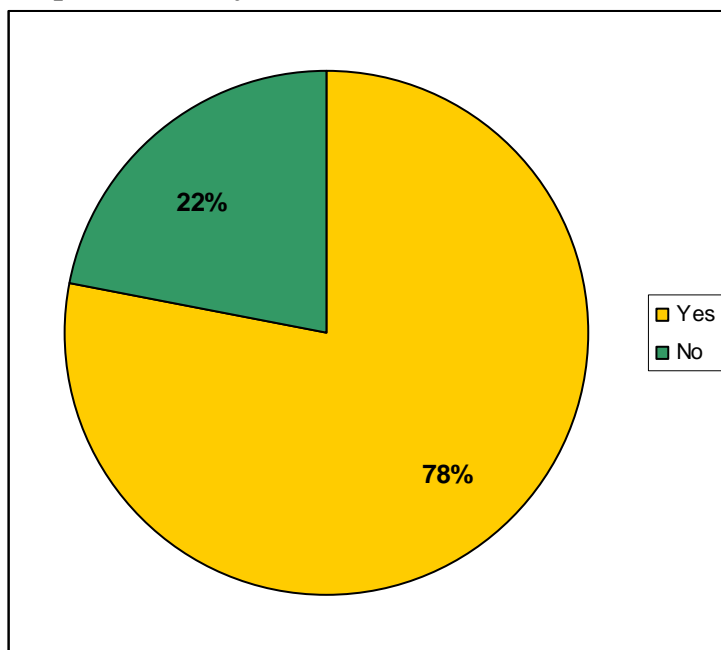
Source: Author

Test

Table No. 7: Hypothesis: assuming that 20% of students do not drink coffee

Estimation	p0	20%
Observed frequency	f_1	0,22
Test criterion	u	|0,6|
Statement	u < uα	**Confirm**

Source: Author

Assumption correspondent with the know fact. According to the graph n.1, almost 80% per cent of students drink coffee. This proportion confirms that the segment of students is potentially large group of customers therefore proposals will be focused on student preferences of coffee drinking and his leisure time activities.

8.7.1 Proposal No. 1 – Personal selling

The first proposal of marketing communication will be paid more attention, because during the cooperation with Mamacoffee was dealt that this proposal will find its real use. Since marketing mix of Mamacoffee is not fully used, the first proposal will be focused on personal selling. To achieve through personal selling the identifiable segment, the personal selling will be improved by selling the coffee by three wheel mobile vehicle, also called "ricksha". This form of personal selling will rapidly increase sales, improve image and especially make visible overall concept of Mamacoffee.

Realization

Ricksha (sometimes is used term "rickshaw") will be designed with three wheels. One wheel will be in the back and two in the front. Will be driven by human power and in the front part will be situated box for coffee and other products with maximum capacity of 30kg. The front box will be plastered by logo of Mamacoffee and also logo of Fair Trade. Production costs for one "bike" were lightly estimated with the management of Mamacoffee at 15.000 CZK and the total number of rickshas would be three. Other costs as the box, logo print and operating costs (repairs) were set at 5.000 CZK. Thus, total costs for three "bikes" would be around 60.000 CZK.

Product

Offered product will be coffee with Fairtrade certification. We take under consideration that Fairtrade coffee provides high quality coffee. Respondents prefer on coffee its quality and therefore served coffee will be with Fairtrade certification, instead of conventional coffee with lower quality. The reason of this variety is also to promote Fairtade products. Following table shows which factors of coffee are for the customers most important. Respondents were assessing price, brand, taste, origin, and Fairtrade license.

Graph No. 3: Which of the following factor is the most important when you buying a coffee?
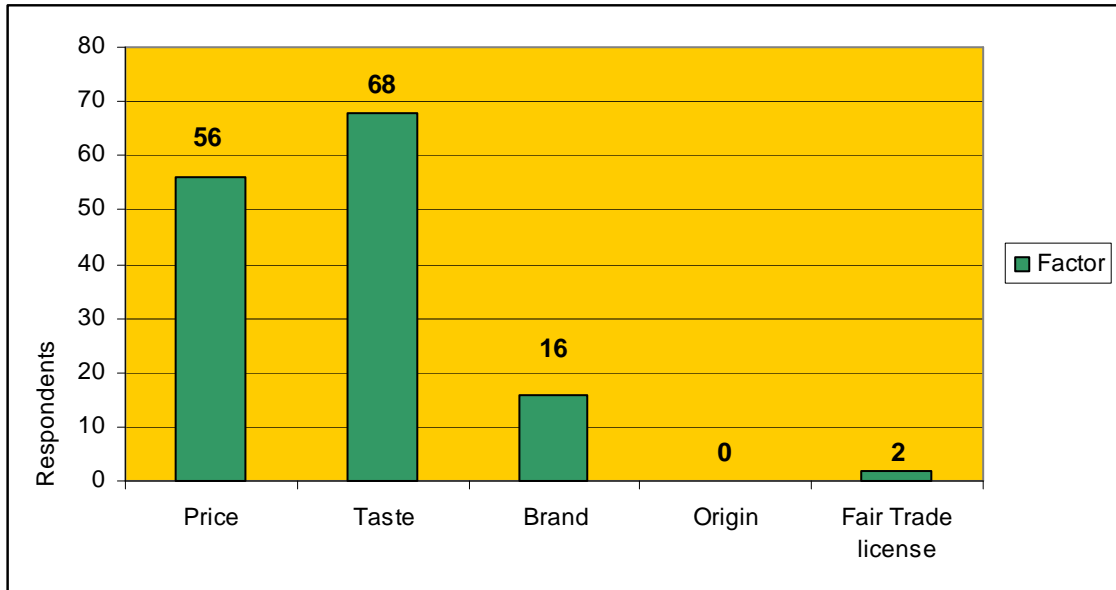
Source:Author

Test

Table No. 8: Hypothesis: assuming that for 60% of students is the most important factor price when they buying coffee

Estimation	p0	60%
Observed frequency	f_1	0,39
Test criterion	u	|5,6|
Statement	u > uα	**Reject**

Source:Author

Assumption do not correspondent with the know fact. From the graph No. 3 is clear that for majority of students plays main role the taste of the coffee.

Price

Price is on of the decisive factor, especially for students, to buy any product. Fairtrade coffee provides high quality product, therefore, can not compete on price with regular consumed coffee. The coffee price will be determined according to the survey results.

Together with the management of Mamacoffee the price for one cup of coffee was estimated at 55 CZK. From the results of the survey has emerged that majority of the students are willing to pay for coffee in a range between 40 – 50 CZK. The management of Mamacoffee should than calculate the proportion of raw material for one coffee with the price that students are willing to pay.

Graph No. 4: For quality coffee (one cup) I am able to pay
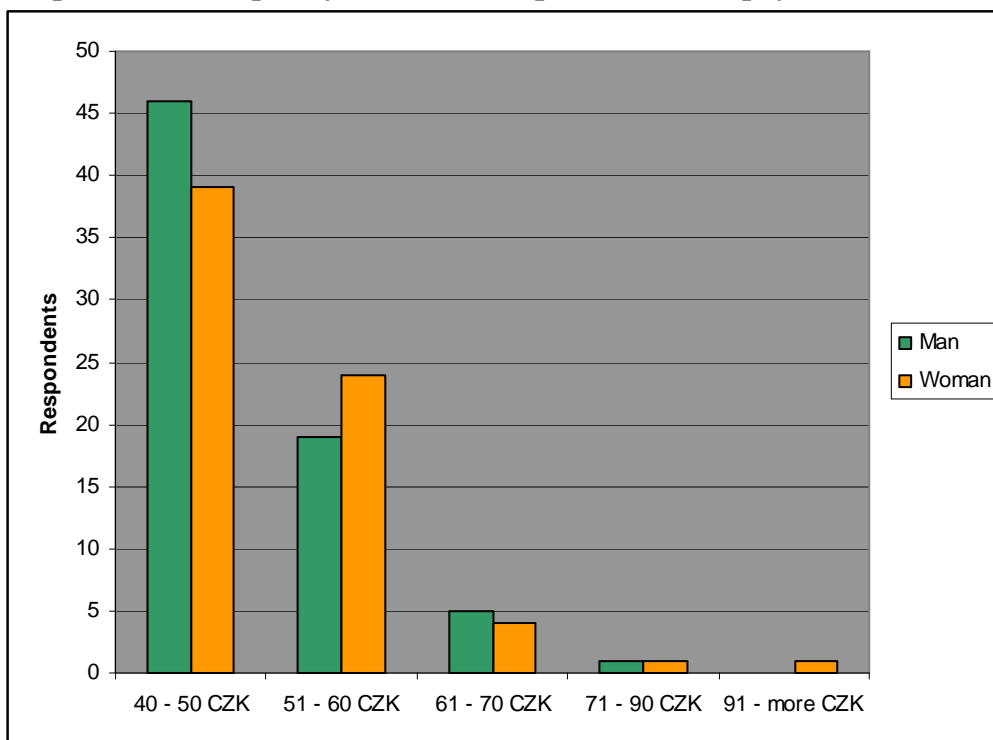
Source:Author

Test

Table No. 9: Hypothesis: assuming that 70% of students would be able to pay for high quality coffee in a range between 51 – 60 CZK

Estimation	p0	70%
Observed frequency	f_1	0,3
Test criterion	u	|10,5|
Statement	u > uα	**Reject**

Source:Author

Assumption do not correspondent with the know fact. Most of the students are willing to pay for a one cup of quality coffee 40 – 50 CZK. The price is an flexible factor that is influenced by the market, and thus may vary depending on the time change and the company profitability.

Positioning

The near neighborhood of cafes can from the beginning serves as a pilot study where the whole personal selling through riksha will be tested. After successful testing can be launched number of activities, that will through personal selling address target segment of students.

Activity No. 1 – Universities and campuses

In the near neighborhood of all four cafes there are several of public or private universities (University of Economics, Charles University – Faculty of Medicine, Prague College, s.r.o., University of New York, Higher Professional School of Applied Art), and thus one of the possible option is selling a coffee in the areas of these universities. The most frequent hour when students are going to school is morning and midday. Therefore, the time interval could be from 9:00 to 15:00. As shows the following graph n.4, it is a time when students most drink a coffee.

Graph No. 5: In which day period do you most drink a coffee?
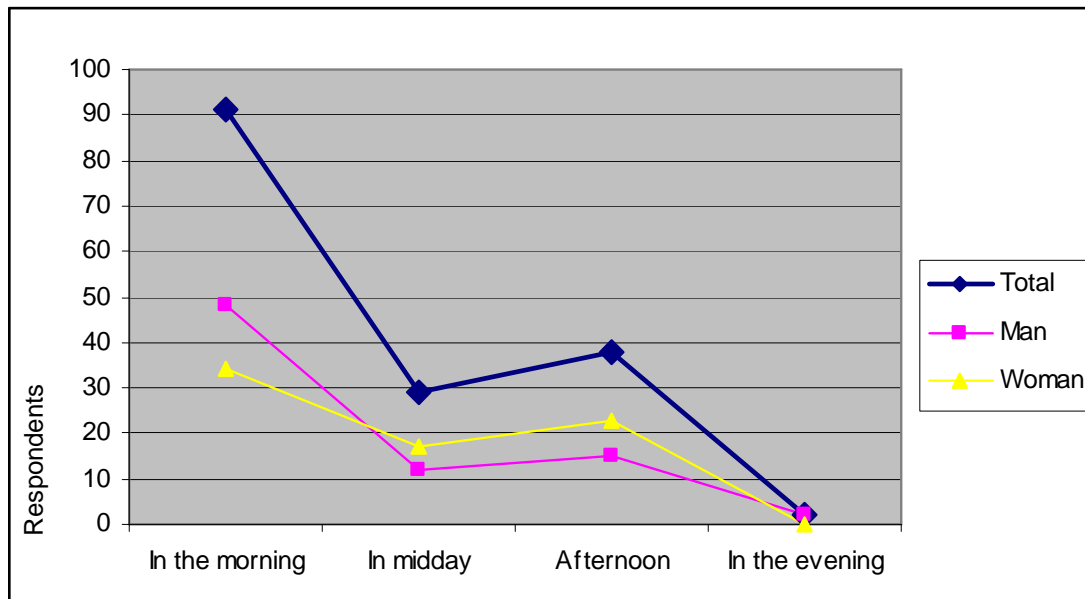
Source:Author

Test

Table No. 10: Hypothesis: assuming that 60% of students prefer to drink coffee in the morning

Estimation	p0	60%
Observed frequency	f_1	0,64
Test criterion	u	|1|
Statement	u < uα	**Confirm**

Source:Author

Assumption do correspondent with the know fact. The hypothesis was confirmed so the best time when address students would be morning and afternoon when they are coming in or leaving school. Other option is to focus on campuses like Strahov (Charles University, Koněvova street (University of Economics) or Suchdol (Czech university of life science), etc.

Activity No. 2 – Festivals

From the study conducted by Menclová and Baštová is clear that majority of students have relatively enough free time to do their leisure activities like sport, culture or meet with friends. One of the possibility where Mamacoffee can through riksha sell its Fairtrade coffee are music, film, theater and other festivals under the sky. The majority of these festivals are mainly focused on youth, especially students whom is sometimes even offered discount. Or, there are just festivals designed for students – Majáles. Just mentioned Majáles is an ideal target, because is taking place in Prague park Stromovka, where are ideal conditions for mobile cafes – well maintained smooth roads.

In this way Mamacoffee can operate not only in Prague, but also nationwide within the festivals. At each event will have private stand, same which uses in the farm markets, which would served as a "refueling". Once all coffees are sold out of the box, the driver can immediately come back to the main stand and refill the tank. The following graph n.5 shows, in which festivals students are most participating.

Graph No. 6: Do you regularly (at least once per year) participate in some of following events?
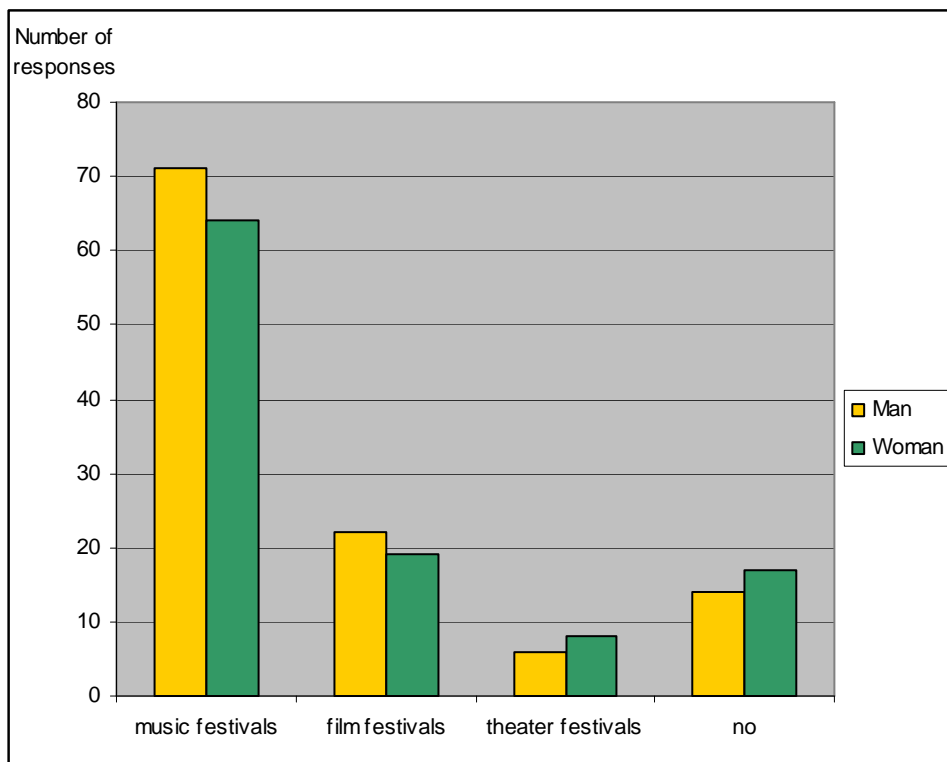
Source:Author

Test

Table No. 11: Hypothesis: assuming that 70% of women are participating in music festivals

Estimation	p_0	75%
Observed frequency	f_1	0,75
Test criterion	u	|1|
Statement	$u < u\alpha$	**Confirm**

Source:Author

Assumption do correspondent with the know fact. According Štěpán Šikl, women represent the majority of Mamacoffee customers and as we can see from the graph the majority of women are participating at least once per year in music festivals. Festivals represent the most suitable environment, because of huge concentration of young people, especially students.

Communication channels

The main advantage of this type of personal selling is its communication. In fact, mobile riksha is mobile advertising as such. Already own logo on the coffee box communicates with the external environment itself and trained drivers becomes intermediary between Mamacoffee and customers. The drivers should provide leaflets to hand out to potential customers and inform them about project Mamacoffee and its activities, spread fair trade idea and refer customers to Mamacoffee website and Facebook. In this way Facebook gain lot of new "fans", who will be daily addressed and thus, the segment of students can significantly extend. Leaflets can also provide a discount (sales promotion) for ISIC card holders and the discount would be applied in all Mamacoffee cafes. At the same time, the leaflets can also inform customers about events in center Krásovka.

Another way of promoting by using riksha can be through Public Relations. Mamacoffee cooperate with several partners (People in Need, Berkat, Agnes, Forum 50%, Apla, Okamžik, Letní dům) through which can send a short and simple PR message "Coffee hits the streets". Simple banner can be placed on the websites of these partners and through their Facebook account can be spread as a "viral". Other variant is to promote riksha

through student magazines. Mamacoffee already cooperated with the magazine "Student", and thus can focus on other printed or electronic students' platforms.

In this way, Mamacoffee and the idea of Fair Trade would be widespread into students' awareness during the short-time period.

Advantages:

- Speed of addressing
- Image improvement
- Flexibility (mobile coffee)
- Immediate feed back (discount provided by leaflets)
- Personal contact (providing information

Disadvantages:

- Technical realization
- Transportation
- Landscape relief (hills)
- Storage

8.7.2 Proposal No. 2 – Electronic communication improvement

Second recommendation should be related to improvement between Mamacoffee and its customer through website and social network Facebook. As already mentioned, social networks represent great communication potential which is for free. Facebook offers one of the possibilities how targeted address a large number of customers and immediately get feedback. When the user clicks on "like" becomes a potential customer. The second proposal lies on linkage of the website of cafe Vodičkova, center Krásovka and main website of Mamacoffee with unified Facebook. As the graph n.6 shows, almost 90% of students have Facbook account. Center Krásovka has own individual website and also Facebook. Thanks to mutual linkage of Facebook with website, the "fan" can immediately see the latest actualizations uploaded by administrator of Mamacoffee to their website. For instance, individual website of cafe in Vodičkova street offers every day different soup menu, but on the Facebook there is no notice about that. Thus, some form of adjustment or

reconstruction of website and unified Facebook for all cafes might be one of the options how to improve communication between Mamacoffee and its current customers and to make the brand more visible.

The vast majority of students have Facebook account. Following graph shows the ratio how Facebook use women and men.

Graph No. 7: Do you have Facebook account?
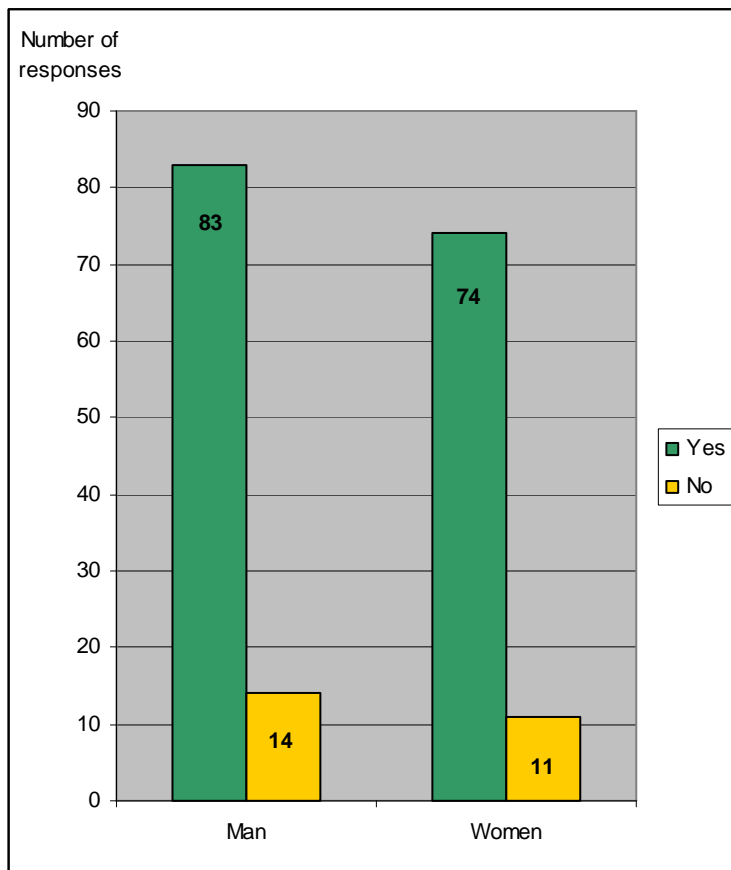
Source:Author

Test

Table No. 12: Hypothesis: assuming that 80% of women has Facebook account

Estimation	p_0	80%
Observed frequency	f_1	0,87
Test criterion	u	$|1,6|$
Statement	$u < u\alpha$	**Confirm**

Source:Author

Assumption do correspondent with the know fact. The hypothesis was confirmed, because Facebook account has more than 80% of women (students). Efficient linkage of website with uniform Facebook provides user friendly and clear environment which will be reflected in communication with current customers and also with new potential ones.

8.7.3 *Proposal No. 3 – Sales promotion*

The third proposal follows the second one, i.e. quality shaped and linked Facebook and website. From the graph n.7, we can easily see that almost 80% students drink coffee in the morning and therefore one the one of the option of sales promotion could be campaign offering a free Fairtrade energy drink for ISIC card holder while ordering breakfast. To support Fairtrade products, the breakfast would include Fairtrade coffee and some cakes or croissants from Mamacoffee kitchen. The sales promotion would have following scheme:

Table No. 13: Sales promotion

1 person	gets 50% discount for one Fairtrade energy drink
2-3 persons	1 person gets one free Fairtrade energy drink
4 and more persons	2 persons get two free Fairtrade energy drink

Source:Author

According to Štěpán Šikl this Fairtrade energy drinks do not provide big sales and therefore they should be more promoted and gets into the awareness of the customers. The

slogan that would launch this campaign might be: "Come in before school to get fairly and free kicked!" (Should be noted in Czech due to specific meaning: "Přijď se před školou zdarma a fairově nakopnout!"). Whole campaign will be directed to the cafe in Vodičkova street, because it is located in the center of Prague and provides much more bigger space and own kitchen.

One of the main communication channels will be Facebook, where the campaign can be directed by viral marketing. The message could be a short, simple and funny video made by some student of FAMU (Film and TV School of Academy of Performing Arts in Prague). The name of the video might be "Fair Breakfast" and would refer to both website and mainly Facebook of Mamacoffe.

Through classic media, the campaign can gets, in the form of PR or barter, into students magazines or other printed or electronic media focused on youth – magazine Žlutý from Student Agency, cultural magazine Houser, cultural platform Protišedi, etc. The campaign can be also supported by partnership organizations of Mamacoffee or the ISIC organization. Within the whole campaign, Mamacoffee can renew the collaboration with Radio 1 and through short ad, the radio can point out the "Fair Breakfast". The cooperation with Radio 1 can also provide invitations into concerts happening in center Krásovka, which would be within the campaign involved through discussion evenings, lectures, concerts, exhibitions or theaters. The performing interprets in Krásovka will be chosen from universities focusing on music, theater or art. Thus, the free time of students will be used for educational evenings or cultural activities. Following graph No. 8 and No. 9 shows how students are participating on cultural activities in Prague.

Graph No 8: Do you regularly (at least once a month) participate in some of the following events?
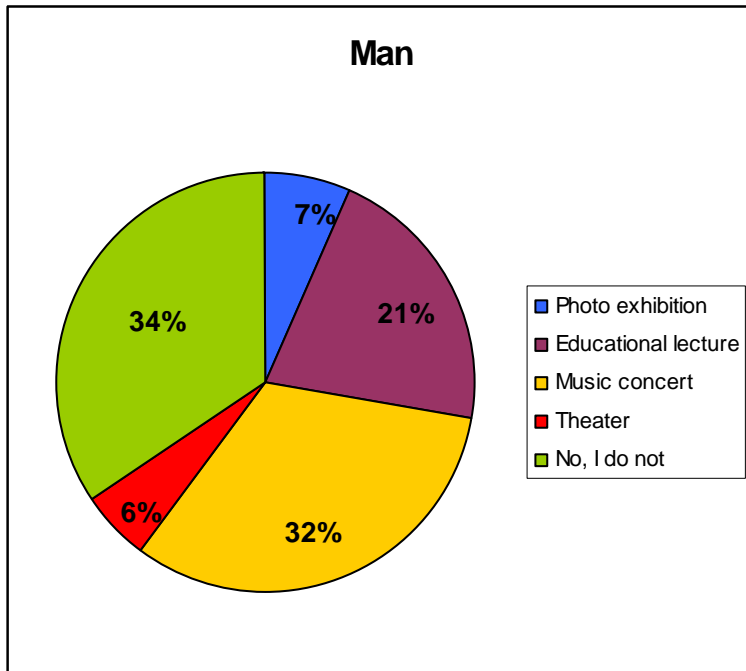
Source:Author

Graph No. 9: Do you regularly (at least once a month) participate in some of the following events?
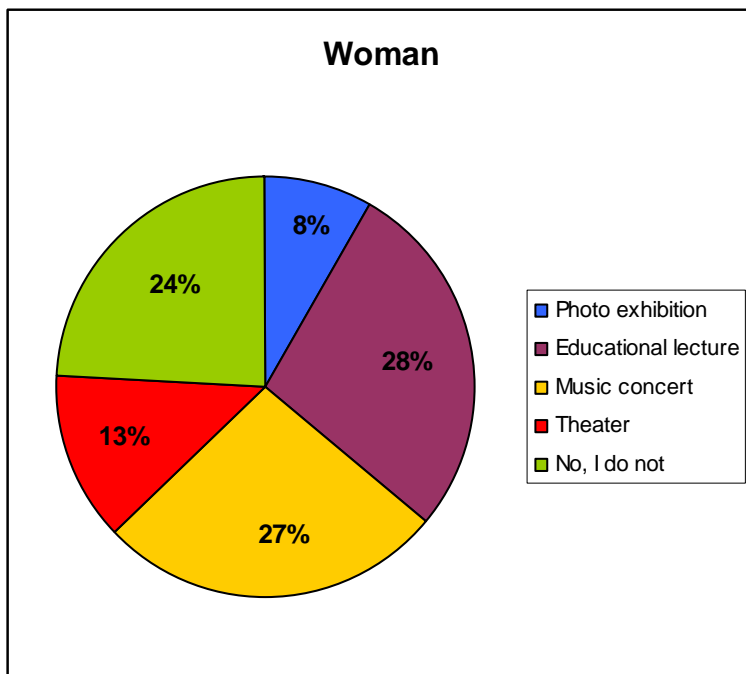
Source:Author

Test

Table No. 14: Hypothesis: assuming that 30% of students do not participate, at least once a month, in photo exhibition, education lecture, music concert or theater

Estimation	p0	30%
Observed frequency	f_1	0,28
Test criterion	u	|3,3|
Statement	u > uα	**Reject**

Source:Author

Assumption do not correspondent with the know fact. Thus, new training and cultural center can be more involved and communicate with external and creates mutual friendly environment for customers.

The aim of this campaign is to not only to enhance the brand and increase sales of Mamacoffee, but also to spread the idea of Fair Trade.

9 Conclusion

In this thesis I dealt with the issue of communication mix and using its tools in a particular company. The aim of the work was to analyze these tools and propose new communication mix using internal and external analysis of company's environment.

The theoretical part occupies marketing communication. All its instruments that the company need to realize successful business has been described. The right setting of both internal and external communications is a prerequisite to success and if the company wants to achieve it, must be able to combine different elements of communication. Effective and well-chosen management approach to individual communication tools reflects the image of the company and its profitability. Nowadays, most of the companies seek to long-term maximization, but fails in communication with both external and internal environment and thus its image is declining and becomes less competitive in the marketplace. Therefore, communication mix belongs to the integral part of decision making strategies of the company. It serves primarily to addressing both current and potential customers in order to attract attention or change their purchase behavior. Thus, marketing communication is the art of how to mix the elements of communication mix, its techniques and promotion.

The practical part is devoted primarily to analyze internal and external environment and analysis of communication mix of Mamacoffee.

Mamacoffee is a company, which deals with Fair Trade cafe business and it is a direct processor of Fairtrade coffee. At present, manages four branches in Prague. The aim of the thesis was to thoroughly describe the current communication mix, find its weaknesses and propose a new strategy that would get Mamacoffee into greater awareness of customers, enhance its image and increase coffee sales and other Fair Trade products. From the analysis of communication mix has emerged that although Mamacoffee uses some tools of communication mix, their intensity and linkage is still, due to short history of the company, missing. Most of the available funds are invested into the development of the company and into seeking new opportunities within localities. Therefore, for self-promotion has limited budget and thus the majority of its activities are directed into public relations. However,

despite this lack there are still plenty of opportunities how to effectively and low-costly use other components of promotion.

In this work I recommend three proposals to improve communication between current and new customers. The marketing communication should start by identifying the target group. It is essential that company knew the needs and wishes of current or potential customers. Therefore, as the first step, within the designing suitable proposal, was necessary to set out a new target segment, which will represents university students. Thus, most of the proposed activities direct to the segment of students, because young people represents the majority of Mamacoffee customers. The objective of all three proposals was to enhance current communication mix, make Mamacoffee brand much more visible and increase the sale of Fair Trade products. The thesis propose a solution to how the best reach the target group through such communication channels that would not pose a heavy financial burden and also be efficient.

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11 List of Tables

12 Attachments

Dotazník

<u>U vyhovujících otázek můžete zaškrtnout i více odpovědí</u>

1. **Pijete kávu? (pokud ANO jděte na otázku č. 2, pokud ne pokračujte otázkou č. 8)**

   Ano
   Ne

2. **Jak často pijete kávu?**

   Alespoň jednou denně
   2-6krát týdně
   Jednou týdně
   Méně jak jednou týdně

3. **Kde nejčastěji pijete kávu?**

   Doma
   V práci
   V kavárně
   V restauraci
   Ve škole
   Kdekoliv (káva sebou)

4. **V kterou denní dobu pijete kávu nejvíce?**

   Ráno
   V poledne
   Odpoledne
   Večer

5. **Který z následujících faktorů je pro Vás u kávy nejdůležitější?**

   Cena kávy
   Značka kávy
   Chuť kávy
   Země původu
   Fair-Trade licence

6. **Jste ochoten/a si za kvalitní kávu připlatit?**

Ano
Ne
Nevím

7. **Za kvalitní kávu (jeden šálek) jste ochoten/a zaplatit**

40-50 Kč
51-60 Kč
61-70 Kč
71-90 Kč
91-více

8. **Upřednostňovali byste kavárnu, která by nabízela i kulturní využití (přednášky, koncerty)?**

Rozhodně ano
Ano
Spíše ano
Spíše ne
Ne
Určitě ne

9. **Navštěvujete pravidelně (alespoň 1x do půl roku) některé z uvedených akcí?**

Filmové festivaly
Hudební festivaly
Divadelní festivaly
Ne

10. **Navštěvujete pravidelně (alespoň 1x do měsíce) některé z uvedených akcí?**

Výstavy fotografií
Vzdělávací přednášky a besedy
Hudební koncerty
Divadlo
Ne

11. Informace týkající se kulturních nebo vzdělávacích událostí se nejčastěji dozvídám z:

Televize
Rozhlas
Tištěná média (noviny, magazíny)
Letáky a jiné informační brožury (výlepové plochy)
Internet
Od známých

12. Máte účet na Facebooku?

Ano
Ne

13. Znáte kavárny Mamacoffee?

Ano 151
Ne 31

14. Kolik peněz utratíte za měsíc za předpokladu, že nezahrnujete: ubytování, stravu, dopravu, hygienické potřeby)

0 – 1000 Kč 0
1001 – 3000 Kč 87
3001 – 5000 Kč 80
5001 – 7000 Kč 13
7001 – 10000 Kč2
10000 – více 0

15. Věk:

18
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25
26

16. Pohlaví

Muž 97
Žena 85