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The 4th year of international scientific conference **"Current challenges of marketing and their application in practice "** took place at the Faculty of Business Administration of the University of Economics in Prague on Thursday 3. 4. 2014. The conference was co-organized by Department of Marketing of the Faculty of Business Administration of the University of Economics in Prague and Department of Marketing of the Faculty of Commerce of the University of Economics in Bratislava.

Content

Accessibility of Largespace Food Stores – Supermarkets and Hypermarkets – in the Bratislava Retail Network in the Concept of Strategy Europe 2020[1]

Jaroslav Kita, Marta Grossmanová, Pavol Konštiak, Pavol Kita[2]

Abstract

The article deals with the accessibility of largespace food stores in the retail network of the capital of Slovakia – Bratislava, in the context of the strategy Europe 2020. Getting and making the geographical data on the retail network on the basis of new information technologies in the sphere of cartography more precise is made possible by making use of geomarketing in the sphere of retail trade, which offers new opportunities in its research. The structure of the article includes the characteristics of retail network of Bratislava, the methodology and results of research on accessibility of largespace food stores in the territory of Bratislava. At the end the importance of the carried out research results for practical purposes is given.

Key words

Accessibility, retail network of Bratislava, Strategy Europe 2020

JEL Classification: M31, R12

Introduction

There are different levels of accessibility of retail units in the intensity of dynamics of development of retail network. The article deals with the accessibility of largespace food stores in the retail network of Slovak capital Bratislava in the context of strengthening the role of towns, which are of key importance in reaching the regional growth and stability. In the first part it gives the characteristics of the present retail network in Bratislava. In the second part it gives the methodology and results of the research done on the territory of Bratislava, the capital of the Slovak Republic. To illustrate the accessibility of the retail network and consumers, the visualization of the space data, which illustrates the problem being processed in individual parts of the article on the basis of cartographical techniques of geomarketing is used. At the end the importance of the research results for decisionmaking of entrepreneurs and the local government on the development of the retail newtork of the capital is given.

[1]VEGA No.1/0039/11 of the Ministry of Education of the Slovak Republic „Geographical Information System as a Source of Strategic Innovation of Enterprise from the Point of View of Strengthening its Competitiness".

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1 Characteristics of the recent retail network in Bratislava

In the last decades, from the point of wiew of quality and size, there have been many important changes in the retail network of Bratislava, the capital of Slovakia, which rank Bratislava in the very centre of progressive trends of the world business. Strengthening the attractiveness of the retail network of the capital of Slovakia is connected with anticipating economic and social changes including those connected with opening the market by means of innovations and support of knowledge society, business, prevention and improving the living environment and development of labour markets on the principle of social inclusion. Moreover, the development of retail network of the capital reflects the development tendencies of the Slovak retail trade contributing to the growth of quality of life of its cititizens in consistency with the strategy Europe 2020.

On one hand the retail network makes the access of the final consumer to the goods possible, on the other hand it is an important dynamically developing sphere of economic activities and a potential source of revenues. At the same time it forms consumer preferencies and changes the life style of consumers with the aim to stimulate new needs. The market economy gragually results in the fact that consumer is no more anonymous, i.e. consumer is is being more known as for the scale of his/her motivation and the products are being more orientated at individaul qualities of consumers which differentiate them into segments. Under these conditions the meaning of shopping, which has become a full value free time activity of the inhabitants of Bratislava, is changing. At present the consumer´s being dominant in relation to the seller which is reflected in the fact, that the customer decides himself what he wants to buy, how much he wants to buy and where he wants to buy it, is evident. In the case of Bratislava this tendency is strengthened by the geographical position of the capital of Slovakia, which is located in the vicinity of the boundaries and her retail network is influenced by the retail network of Hungary and Austria – the countries closely neighbouring with Bratislava. Thus the space is becoming a permanent component of decisionmaking policies not only of entrepreneurs in the sphere of retail trade, but also consumers who within the European internal trade are given opportunities for transfer to do shopping out of the territory of the capital, in the neighbouring states. With regard to the specific geographical position of Bratislava, the market strategy of her retail units must taken into higher consideration which are the main factors of national and transnational differentiation with regard to close vicinity of the neighbouring countries, which are only seveal minutes´ drive from the centre of the town. Conforming the offer to the regional specifics of the capital increases the added value of the assortment of goods and services being introduced to the market. The variety of offer connected with differentiated strategies of distributors, seeking additional services and information, complementary products, brands, prestige, service culture, highly qualified shop assistants and the like initiates the transfer of customers as for their shopping also within individual localities of Bratislava and leads to forming complex distribution channels. With rising level of retail network the customer has more and more opportunities of selection between different alternatives of purchase even within the sames lines of goods, and thus also the opportunity to prefer more the qualitative aspects of his/her decisionmaking (e.g. he/she expects a permanently increasing level of offer, when choosing an alternative product he /she prefers the price, he/she requires growth of consumer value, he/she increases the individalization of behaviour and the like) to quantitative ones. He has got used to get more substantial purchases once or twice a week, and he drives to do the shopping in a more distant largespace stores equiped with a parking place and offering a choice of modern and brand goods. At present there has been a permanent growth of share of great, mainly the multinational companies in a total retail turnover, which results in the decline of revenues of sellers. Recently largespace shopping centres, with multicinemas inside, administration buildings and an extensive network of petrol pumps responding to the development of aumobile transport and transfers of consumers to do shopping.

In the retail market in Bratislava the concentration tendencies are reflected mainly as fusions and mutual acquisitions among the greatest trading companies, which mostly run these two kinds of largespace formats – hypermarkets and superarkets. Among them the hypermarkets belong to the strongest distribution channels in the foodstuffs as well as non-food assortment.

Functional accomplishment of the territory of Bratislava is strongly influenced by market demand and development of private sector. To make use of the territory it is necessary to take into account the characteristic specifics of individual urban units of the town area which is laid out into:

- the centre: being representated by the municipal part Staré Mesto;
- the inner town – being representated by the municipal parts of the town such asRužinov, Nové Mesto, Karlová Ves a Petržalka;
- theouter town: being represented by the municipal parts of the town such as Podunajské Biskupice, Vrakuňa, Rača, Vajnory, Devín, Devínska Nová Ves, Dúbravka, Záhorská Bystrica, Lamač, Rusovce, Jarovce a Čuňovo.

When formulating the requirements of the intensity of use of the territory, the following characteristic specifics of individual urban units of the town territory are taken into consideration:

- for the centre: block construction with a high range of polyfunction, the retail network helps the attractiveness of the town centre as well as its historical core part and is its functional and appearance factor. It has higher demand for parking facilities at the shopping and administrative centres including the parts of technical and operational equipment of the ground and underground areas. Due to historical reasons in the centre of Bratislava there are only several small shopping streets which are at present enriched by the shopping centre Eurovea. In the year 2001 the shopping facilities of the Bratislava centre was represented by 1,068 points of sale, i.e. 26.12 % out of a total number of retail units of the capital;
- for the inner town: a combination of block, solitary and highrize areas making an area of dynamic shopping centers. Recently a number of bigger and more attractive shopping centres has arisen.
- for the outer town: a wide application of the housing function with the possibilities of building low floor areas and low floor family houses (similar to the rural character of attached villages), the possibility of localization of suburban shopping centres with higher demands for the size of the area as well as the land-use options for the localization of production plants. In the year 2001 in the outer town there were 704 points of sale, i.e. 17.5 % out of a total number of retail units.

In spite of the fact that at the beginning the retail network of Bratislava was lagging behind other European retail trade, at the end of the nintees the processes of concentration (organizational and space-operational) and internationalization replaced the period of atomized development of the retail network. Thus it is resulting not only in the commercialization of central municipal parts but also in increasing the density of trade infrastructure in the historically undersized living quarters.

We can state that in the retail network of the Slovak capital Bratislava the folowing development tendencies, which are typical for the retail trade of the Slovak Republic, can be seen: growth of revenues of retail chains, departure and stabilization of some retail chains, competition on the basis of support services, growth in number of virtual shops, preferring of largespace points of sale and discount stores by consumers, seeking shopping centres as a form of spending free time, lavishing the sources producing non-repairable goods and packaging, intruding in the privacy by means of creating the databases of customers.

2 Methodology and results of research on accessibility of largespace food stores

Dynamics of development of trade on the territory of Bratislava within the last two decades requires monitoring, the results of which serve as indicators of demands for development of the territory of the Bratislava municipal region. A scientific-research project VEGA No.1/0039/11 of the Ministry of Education of the Slovak Republic „Geographical Information System as a Source of Strategic Innovation of Enterprise from the Point of View of Strengthening its Competitiveness" has reacted to these atual calls. Within this research in the years 2011-2013 a research of retail network in Bratislava was made. It made it possible to gain information about further possibilities of influencing trade network in the town by means of the only existing instrument, i.e. the Land Use Plan of the town Bratislava. The research was a unique one and is a contribution to a long-term monitoring of development of Bratislava retail trade. Specific data on the condition, number, size and deployment of points of sales were gained. Some outputs were supplemented by the research of consumer buying habits. The research was made in 17 town parts of the capital divided into 236 urban districts and 4,089 retail units were mapped. The sample of the addressed respondents in the respective research was repreented by 11,389 customers shopping in the retail establishments located in individual town parts of Bratislava. The respondents had to meet the condition of having a permanent or temporary residence in Bratislava and being older than 18 years.

2.1 The results of research

Foofstuffs are a basic structural element of assortment. They represent a substantial part of daily purchases and therefore their distribution in the town is of key meaning. The analysis of the research results shows, that new consumer models of consumer buying behaviour are arising, where space has begun a key aspect which similarly to social and cultural aspects of shopping has gained a new dimension. This new dimension is connected with time and structural changes of foodstuff retail trade. These changes are reflected in replacing small family food stores by largespace supermarkets and hypermarkets. The aim of this research was to learn if a worse accessibility of largespace food stores for low income groups of inhabitants, who do not own a car, leads to purchases of fooddstuffs in smaller local establishments which are often offering a smaller variaty of foodstuffs at higher prices, which leads to creating space disparities and disruption of the concept of space justice and to worsening the quality of life. From this point of view we can take monitoring the relations between purchasing behavious and space structure of retail environment for purposeful and inspiring. The key role is measuring the accessibility of points of sale on the basis of application of a measure based on the possiblities in the traffic network, which can be quantified by a number of retail points accessible within a defined distance from a given traffic intersection. We must say that the time accessibility is given not only by the distance itself but also by the way of covering the distance and the like. In general the Bratislava consumers (almost 41% of respondents) state that they prefer an automobile as a way of transport to the point of sale, 30% use traffic and 28 % go to the shops on foot.

The results of research[3] of accessibility of largespace points of sale (supermarkets and hypermarkets) by the application of the measure based on the opportunities in the traffic network prove that from 11 urban districts it is possible to reach only 10 points of sale which meet the criterion of supermarket or hypermarket within 30 minutes.

The given urban districts are located in the edge parts of the town while the least favourable accessibility of given points of sale was measured in the case of four urban districts, which proves undersizing of these urban parts by the points of sale of greater format.

The districs building in the category of 11 to 20 oints of sale accessible within 30 minutes can be localized in two more significant regions. The first of them is a northwestern part of the town and the second one the eastern part of the town. Although several points of sale can be found in more urban districts of this group, the consumers have to travel to other urban parts to do shopping in larger formats. Besides the given districts also the points of sale located in the outskirts in the southern part of the town, belong to this category.

More favourable accessibility of supermarkets and hypermarkets (category 21 to 30 points of sale) is characteristic for 17 urban districts (13 %) located closer to the town centre. These regional districts create some kind of enclosure, the perimeter of which is narrowing in the case of the category 31 to 40 points of sale. In these town areas there are concentrated more monitored points of sale or the accessibility to the centre to further establishments does not exceed the given limit of travelling time (30 minutes).

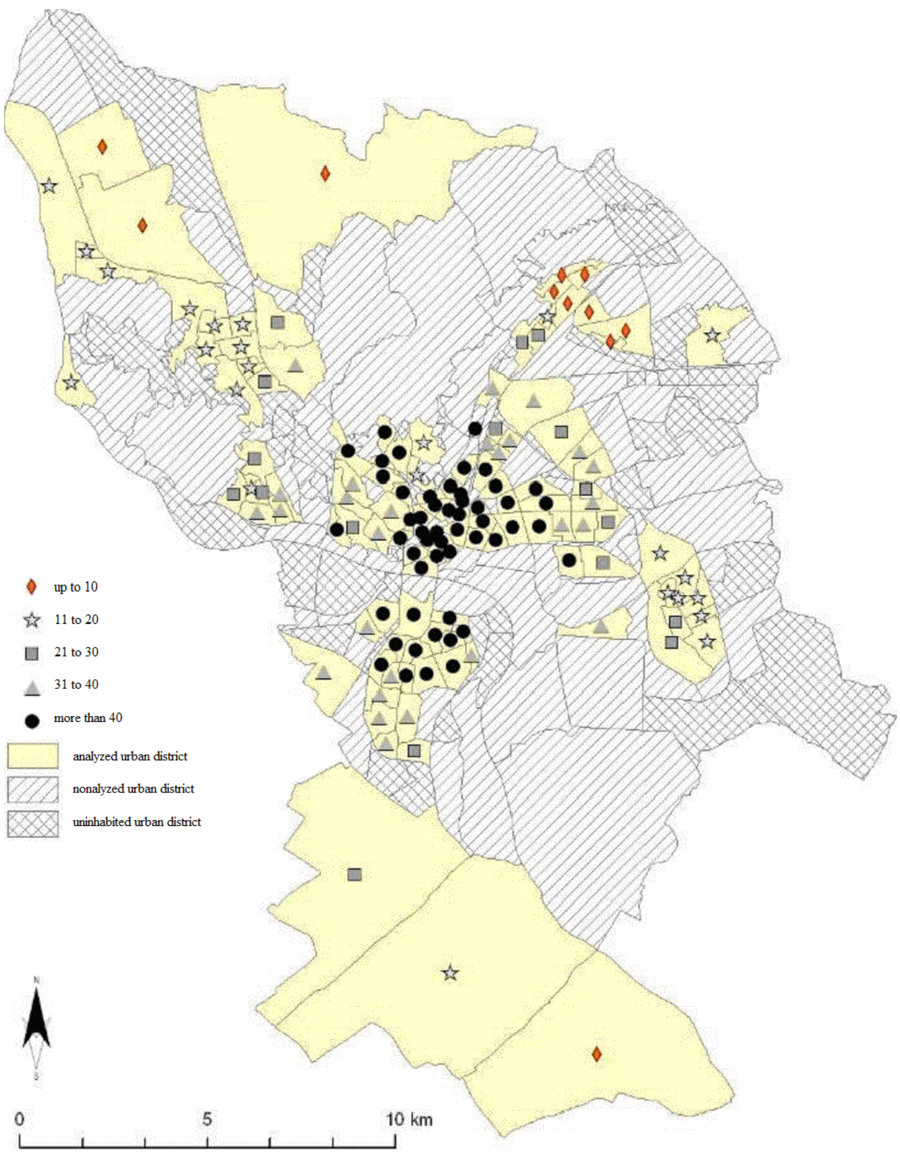
The most favourable accessibility of the analyzed points of sale is characteristic for the most numerous group of districts (39.7 % of urban districts), in which at the same time the greatest number of the town inhabitants lives (39.4 %). The greatest number of given points of sale (over 40 sales units) is accessible from these urban districts. From the point of view of space it is a wider town centre and other town parts, in

[3]KRIŽAN, F. Analýza dostupnosti maloobchodných predajní. In Kita, P. Geografický informačný systém – inovatívny nástroj posilňovania konkurencieschopnosti maloobchodných podnikov. Bratislava: Vydavateľstvo EKONÓM, 2013, p. 142-144.

which the supermarkets and hypermarkets are laid out in the vicinity of important traffic communications. The Figure 1 illustrates the accessibility of largespace points of sale in the territory of the town Bratislava. In the survey the consumers (83.9 % of the analyzed urban districts) expressed total satisfaction with the accessibility of supermarkets and hypermarkets. An average evaluation (very favourable accessibility) clearly prevailed.

In average, customers spend 109.17 minutes or 1.81 hour shopping. So customers are willing to spend a long time shopping which is caused mainly by the offer of largespace points of sale.

Figure 1 Accessibility of supermarkets and hypermarkets in the territory of the town Bratislava



Source: The results of research within the project VEGA No.1/0039/11 Geographical Information System as a Source of Strategic Innovation of an Enterprise from the Point of View of Strengthening its Competitiveness

Conclusion

The results of the research carried out provide wide knowledge for the territorial development plan of the town for making the conditions of life of inhabitants better and thus navigate the economic prosperity to the direction of sustainable development in conformity with the strategy Europe 2020. The territorial town plan would prevent great intraurban differences by solving the obstacles preventing the development of retail trade and space mobility of consumers towards largespace retail units, also as far as the lower income groups of inhabitants are concerned. At present the concentration of retail trade is characterized by the strengthening move in the vertical direction. In praxis this trend is applied by transfer of largespace points of sale to smaller centres, by changing the hierarchies of retail network and its new space lay out. With the mentioned trends the opportunities for use of instruments of geomarketing in the decisionmaking on localization of retail units are growing, especially the cartographic tehcniques, which are not only a vizualization instrument of space data but they also have the function of interpretation instrument. The opportunies for entrepreneurs and regional bodies on development of retail network combined with the cartographic output thus represent the main preferencies of application of geomarketing when analyzing the retail trade and consumer behaviour.

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The increasing importance of shopping centres[4]

Lucia Folvarčíková[5]

Abstract

The aim of this paper is to highlight at the growing importance of shopping centres, which present the last stage of retail format development and pointed on their impact on the consumers buying behaviour, especially in Slovakia. It show that shopping centres have steadily grown in significance for the European economy by virtue of the service they provide to consumers, the employment they generate both in the centres themselves and also the vast number of companies and industries that service the shopping centres. It is increasingly recognised that shopping centres frequently act as a catalyst to the regeneration of surrounding areas.

Key words

Retail formats, shopping centres, customer, buying behaviour

JEL Classification: M31

Introduction

Trade is currently one of the most dynamically developing sectors of the economy. Trade sector has giant ability to influence on significant changes in the society, which does not have any of the other sectors. On the basis that retailers are able to influence on consumer behaviour and consumption all over the world.

Retail and wholesale services, also known as distributive trades, represent 11 % of the EU's GDP and account for almost 15 % of the EU's total employment. More than 6 million companies, i.e., 29% of all EU undertakings, are active in this sector. The retail sector is characterised by a very high share of SMEs, particularly micro companies (more than 95%) (Eurostat, 2010).

The retail and wholesale sectors have an essential role to play in stimulating growth and job creation under the Europe 2020 strategy: they are among the key sectors that can drive the transition to both a more sustainable economy and consumption patterns. Efficiency in this sector has implications for competition, innovation, price trends and competitiveness.

There are 8 main types of retailers which can be defined by the size of their business and the way they in which they sell their products. The 8 main formats of retailers are:

- Department Store – This type of retailer is often the most complex offering a wide range of products and can appear as a collection of smaller retail stores managed by one company. The department store retailers offer products at various pricing levels. This type of retailer adds high levels of customer service by adding convenience enabling a large variety of products to be purchased from one retailer.

[4]VEGA č. 1/0134/14 "Podpora inovácií v distribučných procesoch prostredníctvom zavádzania moderných technológií a optimalizácie logistických činností so zameraním na zníženie záťaže životného prostredia a na zvyšovanie kvality života".

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- Supermarkets – Generally this type of retailer concentrates in supplying a range of food and beverage products. However many have now diversified and supply products from the home, fashion and electrical products markets too. Supermarkets have significant buying power and therefore often retail goods at low prices.
- Warehouse retailers – This type of retailer is usually situated in retail or Business Park and where premises rents are lower. This enables this type of retailer to stock, display and retail a large variety of good at very competitive prices.
- Specialty Retailers – Specialising in specific industries or products, this type of retailer is able to offer the customer expert knowledge and a high level of service. They also add value by offering accessories and additional related products at the same outlet.
- E-tailer – This type of retailer enables customers to shop on-line via the internet and buy products which are then delivered. This type of retailer is highly convenient and is able to supply a wider geographic customer base. E-tailers often have lower rent and overheads so offer very competitive pricing.
- Convenience Retailer – Usually located in residential areas this type of retailer offers a limited range of products at premium prices due to the added value of convenience.
- Discount Retailer – This type of retailer offers a variety of discounted products. They offer low prices on less fashionable branded products from a range of suppliers by reselling end of line and returned goods at discounted prices.
- Shopping centers are representatives of the final development phase forms of retail in our socio-economic conditions. And this paper is about this new phenomenon of development of retail formats.

Existing shopping centers have predecessors in oriental markets and bazaars, which forming concentration of supply of goods, services and cultural experiences in the middle ages. The most important market places were created at the crossroads of trade routes and already in that time for population they creating the delivery and trading functions.

They are the results of concentration of retail space and the area determined for different types, uses, leisure, areas designated for administrative purposes, a combination of shopping, entertainment and relaxation.

Pan-European shopping-centre demand has been fuelled by a confluence of consumer and retailer factors. Some of the consumer catalysts for this shopping-centre demand include changes in demographics, increased disposable income, demand for convenience (including parking) and a desire for greater goods selection (offerings). Concurrently, rapid pan-European expansion plans by some multinational retailers, changing store formats and concepts and the need for more space contribute to the retailer demand for shopping-centre space. Some of the factors are explored in further detail.

1 Methodology

The aim of this paper is to highlight at the growing importance of shopping centres, which present the last stage of retail format development and pointed on their impact on the consumers buying behaviour, especially in Slovakia. In creating of contribution get that data drawn mainly from secondary sources, from literature of Slovak and foreign authors, who deal with same field.

2 Findings

In places around the world, the term shopping center (shopping centre in British English) is used, especially in Europe, Australia, and South America; however shopping mall is also used predominantly in North America. Because that, at the end of 2005, ICSC Research published a study that reviewed national definitions currently used to describe shopping centers throughout Europe with the goal of distilling the common center types and their characteristics into a pan-European international standard. This standardization of European shopping center definitions should greatly benefit the industry as a whole. It should assist, notably, the retail real estate professionals working in a pan-European context to facilitate cross-border shopping centre comparisons and benchmarking of both financial and operational performance. It should be noted that this new international framework does not replace any existing national definitions. This study defines a European shopping center as a retail property that is planned, built and managed as a single entity, comprising units and "communal" areas, with a minimum gross leasable area (GLA) of 5 000 square meters (m²).

Table 1 Pan-European shopping centers standard

International Standard for European Shopping Center Types			
Format	**Type of Scheme**		**Gross Leasable Area (GLA)**
Traditional	Very Large		80,000 m² and above
	Large		40,000 – 79,999 m²
	Medium		20,000 – 39,999 m²
	Small	Comparison-Based	5,000 – 19,999 m²
		Convenience-Based	5,000 – 19,999 m²
Specialized	Retail Park	Large	20,000 m² and above
		Medium	10,000 – 19,999 m²
		Small	5,000 – 9,999 m²
	Factory Outlet Center		5,000 m² and above
	Theme-Oriented Center	Leisure-Based	5,000 m² and above
		Non-Leisure-Based	5,000 m² and above

Source: ICSC, 2005

This new framework classifies shopping centers into 11 broad based international types of centers, which can be grouped into two broader categories—traditional and specialized, as shown in Table 1. A traditional center is an all-purpose scheme that could be either enclosed or open-air and classified by size. Specialized centers include specific purpose-built retail schemes — or shopping centers — that are typically open-air and could be further classified by size. There are two types of small traditional centers: comparison-based and convenience-based. Comparison based centers include retailers typically selling fashion apparel and shoes, home furnishings, electronics, general merchandise, toys, luxury goods, gifts and other discretionary goods. Comparison-based centers are often part of a larger retail areas, most likely found in city centers and not anchored. Convenience-based centers include retailers that sell essential goods (those items consumers buy on a regular basis) and are typicallyanchored by a grocery store (supermarket or hypermarket). Additional stores usually found in convenience-based centers include chemists (drugstores); convenience stores; and retailers selling household goods, basic apparel, flowers and pet supplies. Those centers are typically located at the edge or out of town. Retail Park, also known as a "power center," is a consistently designed, planned and managed scheme that comprises mainly medium- and large-scale specialist retailers ("big boxes" or "power stores"). Factory Outlet Center is a consistently designed, planned and managed scheme with separate store units, where manufacturers and retailers sell merchandise at discounted prices that may be surplus stock, prior-season or slow selling. Theme-Oriented Center is a consistently designed, planned and managed scheme that can either be leisure based or non-leisure-based. This scheme includes some retail units and typically concentrates on a narrow but deep selection of merchandise within a specific retail category. A leisure-based center is usually anchored by a multiplex cinema and includes restaurants and bars with any combination of bowling, health and fitness and other leisure-concept uses. A non-leisure-based center concentrates on a niche market for fashion/apparel or home furnishings or can target specific customers such as passengers at airports (Lambert, 2006).

Today's consumers expect shopping centers to deliver not only high quality but also added value. As well as demanding a wide variety of stores, they want to be able to spend their leisure time in attractive surroundings and be entertained and inspired. Shopping centers are a public space at the heart of communities. This is why it is increasingly important to deliver the right combination of stores, entertainment and restaurants. A critical factor in the success of any centre is the quality of space on offer. With growing competition for tenants, creating the right space in the right location is critical if owners wish to maintain or improve their market position and thus their cash flow. Maintaining high quality means adapting to changing economic, social, technological and sometimes political conditions. Refurbishment and redevelopment are important interventions to prolong the lifecycle of a shopping centre.

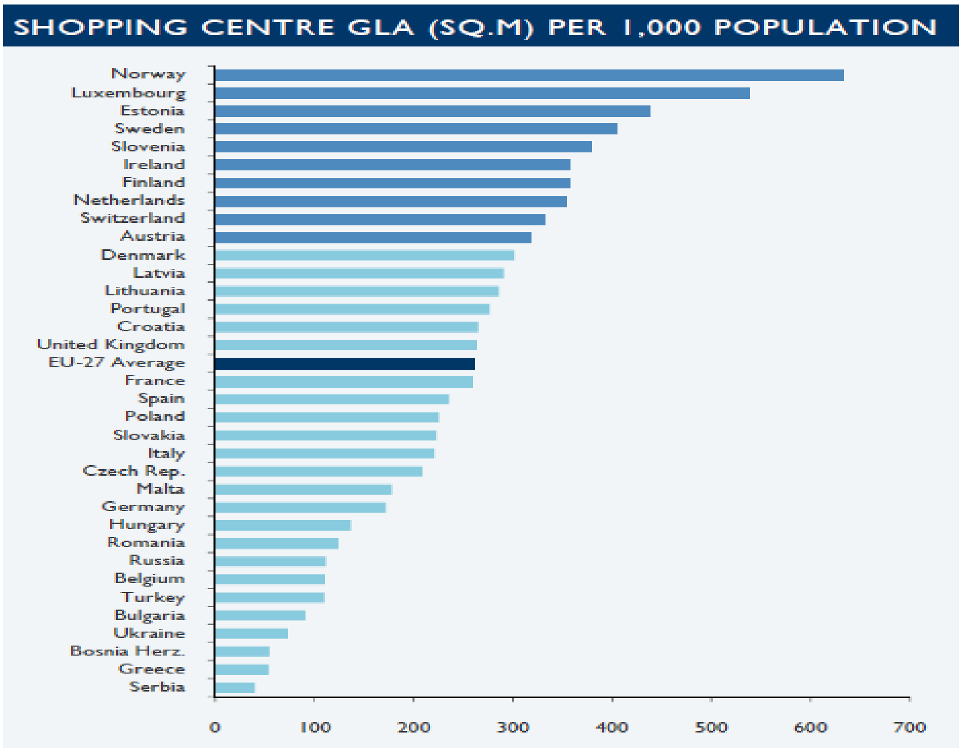
The six key criteria for success of shopping centers are:

1. Location in the host city;
2. Access and easy reach for customers, measured by transport time, transportation options and costs, etc.;
3. Assortment and tenant mix based on the diversity and quality of anchors and merchants;
4. Catering and leisure based on the availably, quality and diversity of entertainment and leisure options in the shopping centre;
5. Professionalism of centre's management driven by the success of the management team to improve operational efficiency and maintenance, marketing, commercialization and legal management of centre's needs;
6. Marketing and online presence measured by the level of marketing activities, both direct and indirect and by the centre's presence on various media channels, particularly online.

The estimated total shopping centre floor space stands at approximately 150 million sq.m of GLA, with the average provision per 1,000 inhabitants in the 27 EU member states (excluding Cyprus) at 261.6 sq.m., as of the 1st of July 2013. The country is the most saturated European market in terms of sq.m per 1,000 inhabitants (632). France remains the largest market by shopping centre space, breaking the 17.0 million sq.m barrier in H1 2013, followed closely by the UK which has a total of 16.8 million of GLA. Russia is still the third largest market, albeit the total figure was revised down to 16.0 million to take into account only quality space which would be comparable to other European markets.

Strong growth is also anticipated in a range of other markets, with the Ukraine, Russia, Bulgaria, Finland, Croatia and Slovakia all expected to see double-digit rises in shopping centre GLA.

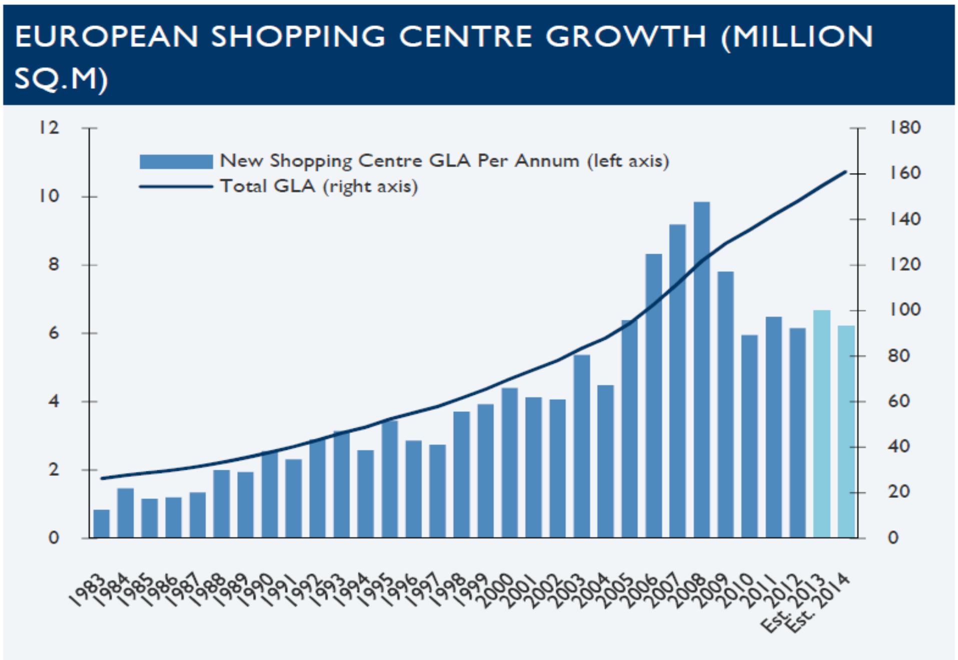
Figure 1 Shopping centre GLA per 1000 inhabitants



Source: Cushman & Wakefield, 2013

Shopping centers in Europe have been growing steadily since 1980 with the highest growth recorded in the year 2008. Referring to fig. 2, since 2008 there has been a decline in the growth of shopping centers in Europe.

Figure 2 European shopping centre growth



Source: Cushman & Wakefield, 2013

The importance of shopping centers to the European economy and its commerce, key reasons (ESCT, ICSC Europe, 2008):

- Consumers depend on shopping centers
- Europe has about 5,700 shopping centers
- Pipeline of shopping centre projects is large
- Retailers depend on shopping centers
- European commerce depends on shopping centers
- Shopping centers create and support millions of jobs
- Shopping centers are a catalyst for non-retail development and area regeneration
- Shopping centers respond to changes in consumer tastes and needs
- Shopping centers respond to society needs
- Shopping centers are an investment-grade asset.

Shopping centers serve a number of important roles for consumers, retailers, investors and policymakers. The ubiquitous shopping centre is more than just a fixture in thousands of towns and cities. It is a dynamic source of development, commerce and growth and, at the same time, fills an important delivery role—efficiently and cost-effectively—for European retailers' products and services.

3 Shopping centers in Slovakia

In Slovakia is changing culture of shopping with increasing number of shopping centers. Visitors, mainly families, tend to spend their free time by shopping, entertainment and leisure under one roof.

In the Slovakia are currently 79 shopping centers, where rents space almost 4 thousand tenants, for their store. In comparison with 2009, it is increase of 27 newly opened shopping centers. Western Slovakia has 49 shopping centers (including 17 in Bratislava), Central Slovakia has 14 SC and Eastern Slovakia has 16 SC. Total shopping centre floor space stands at 1,5 million sq. m.

The most saturated market from CEE is Poland with 225 sq m of shopping centre stock per 1,000 inhabitants, overtaking Slovakia, thanks to high activity in 2013. Hungary is significantly under-saturated with only 136 sq m of shopping centre stock per 1,000 inhabitants while the Czech Republic stands at 210 sq m/1000 population.

The tenant mix consists of store with clothing (36 % of GLA), also an important magnet is hypermarket, food-courts, electronics, cinema, and the smallest share have an entertainment. But only 11 shopping centers offer complex of all categories of retail store.

In this part is presented the results of a survey Lifestyle 2013, which was realized by research agency TNS Slovakia, via the internet, on the sample of 500 respondents, is representative of the Slovak population aged 15-65 years, in terms of age, education, size of place of residence and county. More than 70% of the population of Slovakia aged 15-65 years visiting shopping centers more than 1 time per week.

For many Slovaks, is visiting of the SC a way how to spend their free time in a comfortable environment. Up to a third of respondents enjoy shopping to the extent that it becomes their favorite free-time activities. This is especially true for women and young people aged 21 to 30 years. (TNS Slovakia, 2013)

New target group are also some Slovaks, whose we would describe as a carefree, who do not like boredom. The most attractive are family-based people.

The average sum that we spent during visit SC is € 52. Visiting the center is also a kind of social event, now, because people usually do not go shopping alone, but most often with family members. Third of respondents visiting SC with their friends and about 15 percent of the people goes to the center especially with colleagues.

Customers frequently buy clothes, shoes, food and cosmetics.

A number of Slovak cities such as Bratislava, Žilina and Trenčín, are saturated with retail space; it provides one square meter per capita. Developers will therefore focus on undiscovered cities like Poprad, Trnava and Prešov.

Conclusion

With increased competition, character and identity will become a central consideration in retail developments, encouraging a move away from homogenized environments and clone towns. Shopping centres features will evolve to become increasingly complex, focusing on specialization and customized services, with the shopping centre's management having to drive this change. Furthermore, the experience of more developed markets shows that after a time, shopping centres should focus on revitalisation in order to ensure their continued success and to adapt to customer behaviour. Such a trend will become relevant for Slovakia over the next decade. Evolving customer demands and the tendency towards convenience and shopping experience will bring to light previously neglected key features, such as extensive and user friendly parking space, quality of public spaces, shopping centre layout and ease of in-centre navigation. This is particularly important in Bratislava and in the other largest cities where competitiveness is expected to increase with the number of shopping centres while the customer basis is not expected to change. This is expected to influence both the future development of shopping centres and the pending renovation of existing ones. Moreover, key success factors such as location, access and leisure will continue to represent important growth drivers for shopping centres, but tight competition and changes in customers' demand are expected to increase in the importance of professional management, tenant mix and marketing activities, which are crucial to attract customers and differentiate among shopping centres (PwC, 2012).

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Customer loyalty in hypermarkets, supermarkets and discount chains[6]

Radek Tahal, Václav Stříteský[7]

Abstract

Building a long time relationship with a customer is the topical theme in today´s marketing. Especially large retail chains try to develop sophisticated business schemes that would help to persuade customer to make repeated purchases. Customers that are subscribed to a loyalty program then leave the electronic history of their purchases and thus help the retailer to optimize the product portfolio and enhance the marketing communication. But the loyalty programs benefits that are communicated are not always positively perceived by already subscribed customers or even by those who are potentials for being acquired. This paper tries to analyze whether the parameters of hypermarkets, supermarkets and discount chains loyalty programs meet the customers´ preferences, what aspects do the customers appreciate and on the other hand, what parameters can be discouraging or non-beneficial for loyalty programs.

Key words

Loyalty, customer satisfaction, supermarket, hypermarket, loyalty program

JEL Classification: M31

Introduction

One of the key topics of modern marketing is a question of building long-term relationships with a customer. The desired behaviour based on repeated purchases is called loyalty. Retailers aim to attract customers, beat competitors, and, if successful, to tie the customer and become his favourite store of the first choice. For that reason companies often deal with developing loyalty programs. Some of loyalty schemes are really based on the results of deep research that reflect consumers´ preferences and offer such conditions that make customers happy and motivate them for repeated purchases. Some of them, however, do not meet the customers´ ideas of user friendliness and may become ineffective or even counterproductive.

It is important to research and measure what are the real triggers that influence the customers´ decision-making process and to concentrate on such parameters that are really substantial and that could encourage the motivation for purchasing repeatedly and reinforce positive oral reputation.

In addition to the overt purpose of rewarding the customers who make frequent and high volume purchases, there is an internal goal of the loyalty program - to collect purchasing and behaviour and use them furthermore when optimizing the product portfolio and analyzing the shopping behaviour.

This paper concentrates on customers´ shopping behaviour in relation to hypermarkets, supermarkets and discount stores. Its target is to reveal the factors that influence shoppers´ preferences when choosing the retailer and what loyalty programs parameters are consistent with what the shoppers really appreciate.

Although loyal consumers are most typically satisfied, the satisfaction does not universally translate into loyalty (Oliver, 1999). Beginning in the 1990s, in large part because of the difficulty with service quality management, many companies shifted their attention to customer retention. Research conducted by the

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Technical Assistance Research Program in Washington, D.C., found that the primary reason why customers left companies was dissatisfaction (Zhaohua & Yaobin, 2010). Moreover, one of possible reasons for customer dissatisfaction are such loyalty program parameters that do not attract the customer but even dissuade him.

Reward redemption behaviour in retail loyalty schemes is important from a number of perspectives. First, retailers expend considerable effort and money on developing and operating loyalty schemes and systems for consumers. The data from such schemes are valuable, but rewards are seen as important in encouraging attitudinal loyalty towards the retailer and in building long-term relationships or customer value (Smith, A., & Sparks, L., 2009).

The surveys indicate that a change in the buyer's behaviour is directly influenced by her/his loyalty to the retailer and by her/his attitude towards loyalty programmes (Collado & Herrero & Rodríguez, 2012).

The principal role of loyalty programmes should be to identify and segment customers as a means to improve resource allocations (Meyer-Waarden & Benavent & Castéran, 2013).

Beside the program parameters themselves, it is important to know how they are communicated, which of the aspects are used for branding and positioning. Instead of "sole brand usage", loyalty is today defined in terms of "share of requirements" or "brand purchased most often." (Cook, 1996). The effectiveness of the marketing communication is undoubtedly one of the most important issues that marketers and company managers deal with (Tomek & Stříteský & Tahal, 2013).

1 Methodology

The authors concentrate on loyalty programs and customers´ shopping behavior in linkage with hypermarkets, supermarkets and discount chains. The target of the paper is to reveal whether loyalty program parameters are understood by the customers and whether they are really motivating for repeated purchases.

For that reason both secondary and primary data have been analysed. The secondary data have been extracted from topical studies of reputable market research agency Incoma GfK. The primary data were collected for the purpose of the study and made insight into the customers´ perception of supermarkets and hypermarkets loyalty programs.

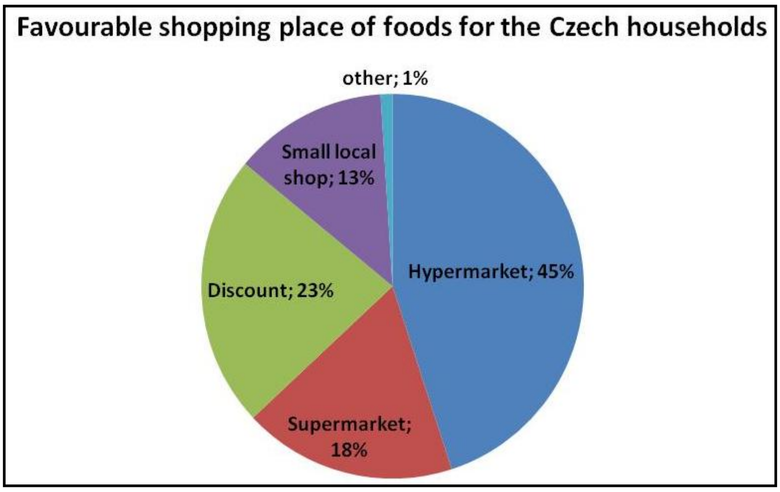
By matching both these views we aim to detect, what are the declared reasons for not choosing the store as the suitable one for shopping on the one hand, and to compare these reasons with the outcome of the survey that brings the information what are the reasons that motivate customers to buy, on the other hand.

The data were collected in October 2013. The sample size was almost 200 respondents. Those respondents were interviewed just outside the stores. The sampling method of systematic choice was applied.

2 Findings

First, we have ascertained what kind of shopping places are the most popular in the Czech Republic when buying fast moving consumer goods (FMCG) and especially foods. We have followed and adopted the common classification of shop-types: Hypermarkets, supermarkets, discounts, local smaller shops, others.

Figure 1 Favourable shopping place



Source: Incoma GfK

As shown in the Figure 1, hypermarkets, supermarkets and discounts together are the main shopping place for 86% of Czech households. Though small and local shops popularity is increasing, it is not higher than some 14% (together with stores classified as "others").

Large chains are currently operating 282 hypermarkets and 645 supermarkets in the Czech Republic.

It may be interesting to briefly mention some other issues that have been revealed: The Czech origin of foods is important for 53% of households. This number increased by 11% points since the last year (when it was 42% of households.)

Our main findings were those, that depicted the decision making factors. When choosing the favourite place of shopping, the most important factor is the location of the shop that should be reached easily. On the second place there is the range of products and promoted prices of goods.

The importance of researching the loyalty triggers is underlined by the fact that 56% of food purchases have not been carried out in the shopper´s main shop but somewhere else.

It is clear that some of the detected factors cannot be changed easily (like for example geography), but some of them, like for example price schemes, are those that can be re-evaluated as a part of strategic decision making process.

Furthermore it is interesting to order the main reasons why customers do not like shopping in a certain store and ignore it.

Table 1 Reasons for ignoring the store

Importance	Reason, why not making my shopping in the store
1.	It is far away
2.	Prices are too high there
3.	Range of goods does not suit me
4.	I do not feel comfortable in the store
5.	The quality of goods is poor

Source: Incoma GfK

These findings can help a lot when a store chain marketing manager develops the strategy for strengthening the store market position, attracting customers and giving them buying triggers, sometimes also called "reasons why". In many cases the "reasons why" are being transformed to a loyalty program.

The strategic moment when building a loyalty program scheme is making decision what will be the remuneration algorithm and what is the absolute or relative value of the money that the retailer is willing to pay back for the customer's repeating purchases.

This theme of loyalty programs´ benefit structure became the topic of our research based on primary data.

There are many scheme types that the loyalty program may be based on. Let's figure out the most frequent schemes that have been used among the hypermarkets, supermarkets and discount retailers:

- flat discounts on the favorite items,
- discounts outside the chain,
- money voucher for the next purchase,
- instant price discounts,
- gift (some small item for free),
- listing to the valuable gift draw,
- remuneration based on points gathering.

The items mentioned above were questioned in the survey. Respondents were asked to order them from the most preferred one at the top to the most disliked one at the bottom. The result of the survey brought the answer that customers prefer visiting the shops that offer them more or less instant discount over those that force the customers to gather some points for a long time period, even if they can win a valuable gift in the end.

The first place won the program scheme based on "instant price discounts", the very last place the respondents matched with the item "listing to the valuable gift draw".

Table 2 Preferable loyalty program scheme

Importance	Loyalty program scheme
1.	Instant price discounts
2.	Money voucher for the next purchase

Source: Authors

The important finding is that respondents tend to become loyal and prefer the store if they are offered the instant discount or at least easily reached discount over the promise of valuable gift but in the long future.

The respondents were also asked whether the loyalty program had made them change their shopping behaviour; whether the program had motivated them to buy more frequently or in higher volume. It is very interesting that 59% of respondents answered that the existence and participating in the loyalty program had not made them change their shopping effort. Those who answered that they had changed their shopping behaviour are almost equally distributed to the group that answered "I buy more frequently now" and "I buy in larger volume now".

Our primary research also aimed to verify what aspects are the most motivating for classifying the store as the most favourable one. The open question was put into the questionnaire. The wording of the question was "What should make you to choose the store as the only one for your shopping?" Consequently answers were sorted into thirteen logically homogeneous groups.

The very first place in this completely independent research was identified as "the shop is easy to reach, it is on my way home". Regardless whether the person goes on foot or travels by bus or by car she/he wants to access the shop easily. On the second place our respondents put the answer "low price". On the third place they put the answer "quality of the goods".

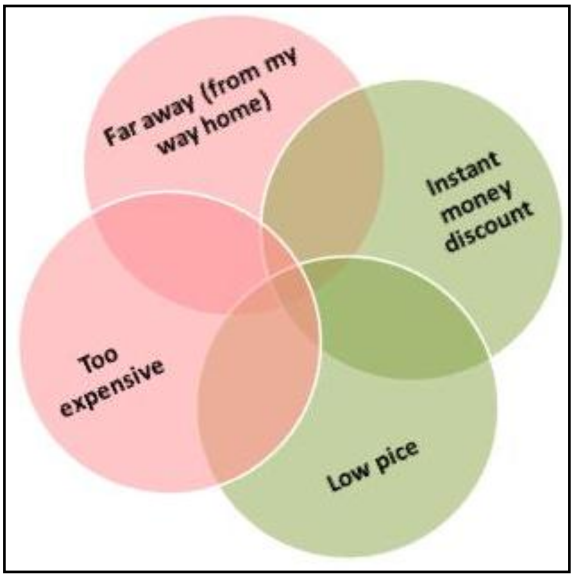
Conclusion

Retailers often strongly tend to bound the customers with a loyalty program, believing that in such way they do the best to become attractive. But many loyalty schemes are based on complicated algorithms that are not easy to understand or they bring benefits to their subscribers within a very long period.

This paper analysed existing secondary data collected by the professional research agency and put them into the context with the primary data.

Putting all the issues together it is possible to extract some findings that can be used as guidelines when constructing the effective marketing strategy and loyalty scheme.

Figure 2 Barriers and motivators



Source: authors

The two business parameters in the left (the red background circles at the picture) describe the most crucial items that were identified as barrier to adopt the store as the favourite one. The two findings in the right (the green background circles at the picture) bring the information what would the customers like to be given as the loyalty program award.

When talking about stores like hypermarkets, supermarkets and discounts chains, and when concentrating on foods product categories, we can say that good geographical availability being combined with loyalty scheme based on instant financial discount can work effectively, promotes a positive image, and enhance the number of customers that tick the store as the main shopping place in the foods product category.

The authors plan to go on and establish a market research methodology, based on these and other similar findings, that would help significantly in revealing the loyalty factors in different business areas.

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Forms of Corruption Behaviour at Firm-Level Evidence in the Czech Republic

Petra Koudelková, Denisa Kasl Kollmanová[8]

Abstract

Corruption is a widespread phenomenon in all post-socialist countries in the market transition. However, among these countries, the Czech Republic stands apart with its incredible entanglement of corruption, politics and business. Although corruption on the firm-level in the Czech Republic is heavily critized, the results of our in-depth interviews conducted with 6 Czech SMEs showed that almost every firm encountered some form of corruption and even used corruption for either increasing their sales, helping the negotiations, or fostering their production.

Our results demonstrate the possible kinds of corruption behavior in Czech firms. This might be useful for designing various state interventions that might influence the system change and market development in CEECs and both directly and indirectly influence the volume of corruption.

Key words

Public trust, corruption, system change, economic development, communication management, firm-level, Czech Republic

JEL Classification: O17

Introduction

Corruption Perception Index, issued yearly by Transparency International (2013), also rank the Czech Republic among the countries with highest level of perceived corruption.

In the past few years, corruption has become a widespread phenomenon in many countries of the Central and Eastern Europe including the Czech Republic (see e.g. Lízal and Kocenda, 2001; Zuzowski, 2004; or Wallace and Latcheva, 2006). Apart from the mass media, the problem of corruption caught the attention of various international institutions and the general public. According to the Gallup’s second global audit (2013), perceived corruption is one of the main reasons for distrust in key government institutions. Other researches, such as the study on corruption climate in the Czech Republic, conducted by GfK (GfK, 2010 and Mravec, 2013), also rank the Czech Republic among the countries with highest level of perceived corruption.

Corruption and fraud emerged as a main issue as a consequence of the loss of public trust, followed by the economic crisis in 2008 (Edelman, 2013). One could assume that the low level of trust and highly perceived corruption is linked to recent economic crisis, such as in Portugal, Greece or Italy, but that does not include countries like Lithuania or Czech Republic, which have not been affected by the economic crisis to such extend. Moreover, on the contrary to the popular belief that economic growth and transition towards full democracy brings along the decreasing tolerance to corruption and higher transparency, the Czech Republic shows us an opposite trend: according to GfK research (2010), people´s attitudes toward corruption have changed towards more acceptance of such a practice as the norm.

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Therefore, the aim of this article is to examine the determinants of corruption in the Czech Republic, a country where almost every citizen of this 10-million nation seems to perceive her or his country as "corrupted" (see Lizal and Kocenda, 2000b; or Stephen, 2007) and to bring examples of corruption behaviour at the firm-level.

The scientific aim of paper

This paper focuses on corruption in the Czech Republic with a special stress on the corruption at the firm-level. The paper is structured as follows: Firstly, it describes the problematique of corruption internationally in general, and corruption in the Czech Republic in particular. Secondly, it presents several case studies from the Czech Republic that describes the situation in surveyed Czech SMEs. Forth, it concentrates on the quantitative research that reports the results of the anonymous survey questionnaire that aimed at finding out whether in the Czech Republic corruption is wide-spread at the firm-level, or whether the Czech SMEs try to fight corruption. A very important aspect of our research was to determine who is most often associatedwith corruption at the firm-level, our results are corroborated by the findings of Transparency International (for instance CPI index) and other established research agencies and researchers that are dealing with corruption in the Czech Republic.

Corruption according to the form (e.g. Batory, 2012; Maoro, 1995; or Besley and McLaren, 1993)

- Nepotism (corruption behaviour which lies in favouring the family members within the employment, however when the company is given to family members to run and own, this is called "family business" and does not have traces of nepotism.
- Clientelism (favouring friends, relatives or interest groups, very often happens through favouring the companies that supported the given firm in the past – overall, this is a very widespread form of corruption)
- Bribery (another widespread form of corruption)

Lobbing (very negatively perceived activity in the Czech Republic, used to be called "the clash of interests", a definition which is now non-existent).

Corruption might influence the society in a number of ways. The research literature describes corruption at the country level judging from various viewpoints. The following determinants of corruption are often mentioned: rent Peking opportunities, corporate competition (Ades, Di Tella, 1999), legal effectiveness (Herzfeld, Weiss, 2003) and legal origin, religion, statust of economic development (Paldam, 2002; Dijk, Nguyen, 2012). In general, there are two points of view of corruption, the first one states that corruption negatively impacts on national economy and economic growth (North, 1990, Li et al, 2000) and on human capital (Mo, 2001). The slowing down of the economic growth happens do to the fact that corruption reduces investments (Mauro, 1995).

Corruption can be viewed as a tax on the profits of the productive sector which allows entry into the market for the new products and technologies which require an initial fixed costs or investment (Murphy et al., 1991). On the other hand, there is another view in the research literature that says that corruption actually increases efficiency and helps economic growth, particularly in developing Countries (Lui, 1985).

Short characteristic of Czech firm-level sector

About 99, 84% of all SMEs in the Czech Republic is represented by small and medium enterprises (SMEs) (see MPO, 2012). SMEs constitute a backbone of the Czech economy, both in microeconomic and macroeconomic terms. They are of a special importance for the development of the national economy both in terms of job creation, as well as for social and economic development of communities, cities and regions, increase market dynamics and contribute to the stabilization of the economic system, thanks to its ability to absorb free labour. There is a plethora of comprehensive research literature on SMEs (see e.g. Flatten, Brettel, 2011). SMEshave their major advantages (flexibility) and disadvantages (e.g. lack of funds). Unlike large companies, where management and ownership are separated, SMEs are mostly owner-managers. Sometimes, as in SMEs cut corporate goals with personal (Favre-Bont, Thevenard-Puthod, 2013), which can be another disadvantage SMEs. The issue of ownership is also discussed many studies (see e.g. Hamadi, 2010).

SMEs constitute a strong support for a decentralized system that has characteristics inherited from the market economy. For the Czech Republic and its position in Europe the SMEs represent the key issue.

Corruption in the Czech Republic

As Jordan (2002) stated, "Corruption was endemic to the communist system of the Soviet bloc prior to its collapse in 1989, and Czechoslovakia was no exception. In the postcommunist Czech Republic, corruption remains a deeply rooted problem." The level of corruption in transition markets, specially the Czech Republic, has been examined by Lízal and Kocenda (2001), who stated that "substantial change of approach to the institutional framework is necessary in order to prevent and fight corruption successfully" (Lízal and Kocenda, 2001, p. X). Many authors have been examining the role of corruption in transition economies in the CEE including the Czech Republic (see e.g. Lizal and Kocenda, 2000; Lizal and Kocenda, 2001; Janowicz et al., 2004; or Vedres, 2007), especially the corruption climate and role in privatization (Bornstein, 1999; Nandini, Ham and Svejnar, 2000; Evans and Whitefield, 2002;), or using the corruption to cover the communistis past in lustration policy (David, 2006). Corruption has emerged as an important problem across the CEE countries in juridical system as well (Grodeland, 2005).

According to GfK research from October 2009 (GfK, 2010), which analyzed the corruption and corruption climate in the Czech Republic, 74% of Czech people did not agree with corruption and saw it as amoral, however, the number of people who gave bribe actually rose from 24 % in 2006 to 35 % in 2009. In 2009, almost half of the population (48 %) declared that they gave bribe at least once, 13 % stated they gave bribes repeatedly. Almost two thirds of respondents (65 %) stated that they agree that getting a state contract without a bribe is impossible. Also, since 2006 people started to perceive business sector as sixth most corrupted field after political parties, government offices and ministries, government and juridical system (GfK, 2010).

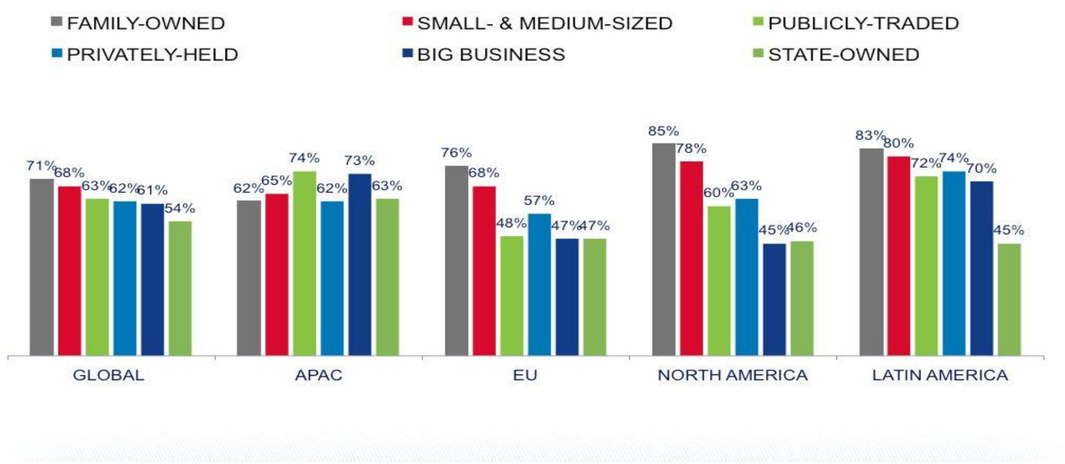
Table 1 Largest share of corruption in the Czech Republic in specific areas

No	year 1998	year 2001	year 2002	year 2003	year 2006	year 2009
1	Offices	offices	offices	offices	Offices	politician parts
2	Judiciary	judiciary	health service	health service	Police	offices
3	health service	police	police	police	government	ministry
4	Police	health service	judiciary	judiciary	politician parts	government
5	Service	ministry	customs	customs	ministry	judiciary
6	education	customs	ministry	ministry	business community	business community
7	hotel industry	banking	education	education	judiciary	police
8	Army	army	banking	banking	health service	health service
9		education	army	army	customs	army
10					education	education
11					army	customs
12					non-profit sector	non-profit sector
13					banking	banking

Source: GfK, 2010

According to this research it may seem that corruption has deep roots in Czech society. Corruption and fraud is also perceived by the Edelman Trust Barometer as the main reason for distrust in both businesses and government institutions in the Czech Republic, yet on a different scale – government is almost double least trusted because of the corruption than business (Edelman, 2013). In the figure 1 one can sees the situation among family-owned and SMEs enterprises.

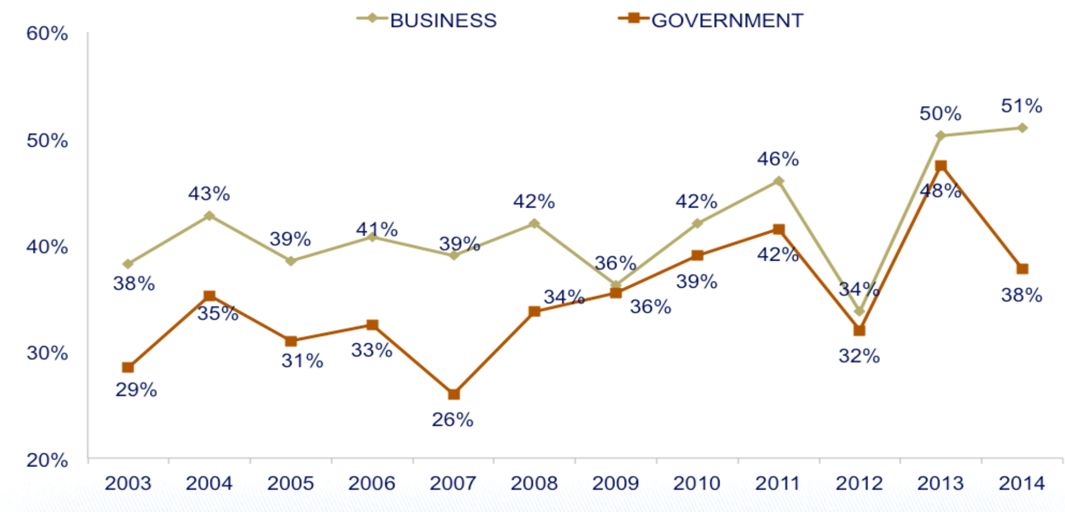
Figure 1 Family-owned and small-medium sized enterprises have a trust advantage except in Asia



Source: Edelman Trust Barometer, 2014

According to this research in seems that companies are more trusted than government. Results of this research are displayed in figure 2.

Figure 2 Businesses are consistently more trusted than government



Source: Edelman Trust Barometer, 2014

1 Methodology

For the research were used case studies in Czech firms. For case studies was chosen unstructured interview with owners or management of these firms.

Interview held in the first quarter of the year 2014.The aim of our survey was to obtain more detailed information about corruption behaviour on firm-level evidence.

2 Findings

CASE STUDIES

Company 1

This company is a part of international group. This group belong to SMEs on the Czech market. There are several kinds of corruption behaviour in the company. Corruption behaviour is in common for both managers and staff.

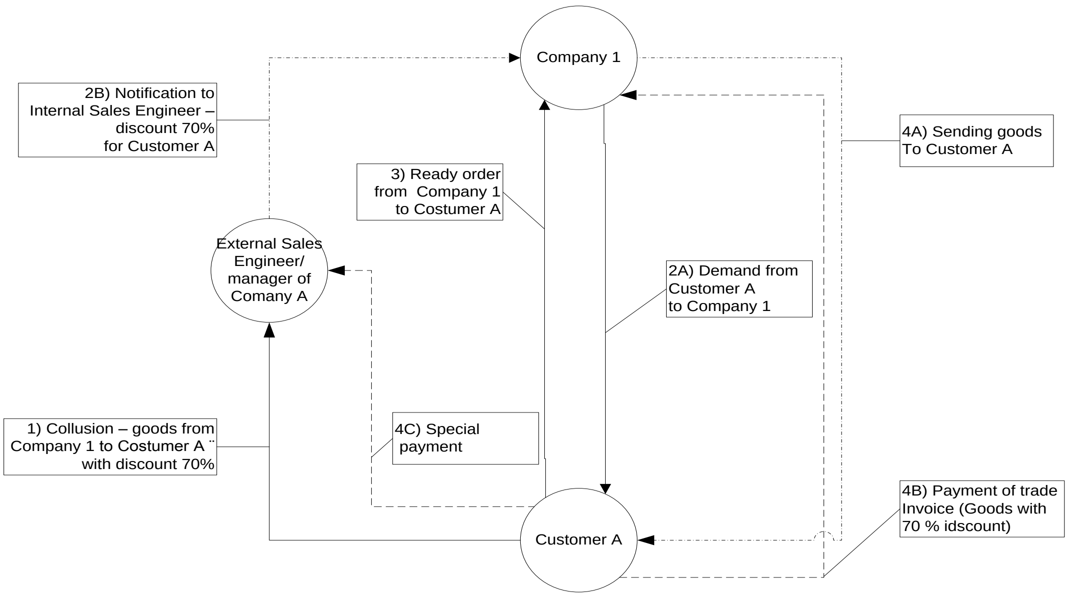
Expensive Christmas presents – laptops, iPhones and money. The height of the amount is related to specific customers.

Discounts –In some cases it is created a quote to the customer which provides 80% discount based on price list. These discounts are provided according to negotiation with external sales employee or director's request. This method leads to enormous increase of the turnover to reach the annual plan as one of the most important goal.

The results of selection procedure. Three competitors are at the market so the company receive an official project prerequisitions. This document contains a lot of unique terms which belongs to the chosen company's portfolio.

On the picture bellow is described a model situation of bribery (case 2) in this company.

Figure 3 Model of corruption behaviour in company 1



Source: Own results[9]

[9] 4C)Special payment = payment of previously agreed commission for an agreed discount

Common form of corruption in this company: bribery

<u>Company 2</u>

The main activity of the company is in administrative support for the completion and submission of projects to draw money from European fund.

Description of situation in company 1:

1. If the project succeeds, the company announced tenders for the realization of the project. Firstly is this opportunity addressed to companies that integral special group. Officially is tender announced later. Conditions of tender are really specific because of companies from group (conditions are appropriate just for these companies).
2. These companies send their offers with the increased price by 100-200 % above the normal price. It is ensured that the tender win one of these companies. The profit is split among companies from group.
3. Top management of these companies don't want to employees know about this activity. However, this activity is well-known for the employees above all for the project managers. activity is solely the responsibility of the management.
4. Employees perceive corruption negatively.
5. Common form of corruption in this company: clientelism

<u>Company 3</u>

The main business activity is of this company is the purchase and sale of electrical equipment designed for small industrial enterprises. Owner negates experience with corruption in his company. After talking with one of his employees was appeared that are here some indicia of corruption in the company. However, owners and management of them may not be affected.

Method of corruption in the enterprise:

1. An effort bribed employee by their customer. Employee (salesman) - told us that it was a higher amount of money. The employee did not accept the money.

Forms of corruption occurring in this company: bribery

<u>Company 4</u>

This building company is on the Czech market for a long time. The owner has business experience from previous years from the Czech Republic and abroad. Corruption is perceived as part his of everyday life. In company is corruption behaviour presented in many various forms and in varying degrees.

Bribery – for owner of this company is bribery very important part of his business. It is appropriate tool how to avoid expensive fees of waste damp or of transport. For this group of people he used to offer money. For other group (for clerks) he offers presents (flower bouquet, candies, voucher to the theatre or cinema, etc.)

According to owner is this corruption behaviour important for his business and acceleration many processes in business.

Clientelism – he engaged clientelisms in banking system.

Forms of corruption occurring in this company: bribery and clientelism

Company 5

Another company is engaged in manufacturing leather goods and leather handbags. Company headquarters is based in a village. Is it a family business and its main market is in Germany. According to the owner, the corruption in the company does not occur. However, he has experience with this form of negotiations in both the Czech and the German market. He has no more experiences with corruption behaviours and is happy for it. The corruption is against his personal values.

Company 6

The main field of this company is tax consulting.

In this company may be observed variables kinds of corruption behaviour. The manager was able to speak about on specific kind of corruption, about bribery. It was noticed, that the company tries to fight again corruption behaviour.

The company deals with taxes therefore the employees must be careful with distinction of legal and non legal behaviour. Each of its clients aims to maximize tax optimizing. Skilled tax advisors are able solve easily this problem (but it is important that they must be very well paid). The company's management does not accept this behaviour and if the employee is convict of corruption (eg. accepting a bribe), is fired.

Forms of corruption occurring in this company: bribery

Conclusion

Nowadays is corruption behaviour a problem of many states and in the Czech Republic is corruption behaviour perceived on the high level. The media world influences perception of inhabitants of the Czech Republic.

Also in the scientific world is corruption a huge topic. There are many different definition, however isn't clear when the corruption behaviour starts. It is difficult to distinguish what is the marketing strategy and what is corruption behaviour, above all on the firm-level evidence. Some business sectors may be a exception, because of their internal behaviour rules or norms (e.g. Agency Simar makes behaviour rules for companies deals with the market survey).

According to the results of survey provided by Edelman trusted barometr is corruption widespread on country-level and also on firm-level evidence. This article focused on corruption perception as well as on kinds of corruption behaviour in Czech firms. This survey shows that the most common kind f corruption is bribery and clientelism. The following survey will be focused on other kinds of corruption behaviour (nepotism and lobbying).

Except of corruption behaviour is important and interesting corruption impress on economic system. In the scientific literature are the schools (Aidt, 2009)... The first one indicates corruption as a positive engine for national economy (Egger, Winner, 2005; Leff 1964).The second one says that corruption is negative determinants for national economy and further economy growth(e.g. Rose-Ackerman, 1999, Buchanan and Tullock, 1962;), above all on the micro-level (Aidt, 2009).

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Political advertising and image making in the Czech Republic

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Abstract

This article provides an analysis of the development of political advertising and image making in the Czech Republic, especially after 1989. It presents traditional as well as new political parties, and it briefly comments also on parties that ceased to exist. The first part of the article describes the individual parties´ logos and their development over time. The second part presents an overview of various forms of mostly outdoor marketing communication focusing on negative campaigns, which are also the topic of the last part of this article discussing the marketing communication during the presidential elections of 2013.

Key words

Political advertising, image, rebranding, negative campaign

JEL Classification: M31

The aim of political communication is to influence individual or group attitudes, for the realization of political aims (Stedron a kol., 2013). Creating and using a brand (branding) is a traditional part of political fights. In history, political parties always designed their particular logo in typical colours. After states of affluence appeared bringing along fundamental social changes, this necessarily led to a need of rebranding the traditional brands; rebranding is a marketing strategy, in which a new name, term, symbol, design, or combination thereof is created for an established brand with the intention of developing a new, differentiated identity in the minds of consumers, investors, and competitors (Muzellec, Lambkin, 2006). After 1989, the Czech Republic saw attempts of renewing or taking up the traditional party structure from the time of the so called First Republic (Czechoslovakia 1918-1938). Moreover, new political parties appeared creating new identities for themselves including new symbols (new brands). Facing the new political reality and a growing influence of marketing approaches, the historical parties tried to rebrand.

The most prominent political parties are ODS (Civic Democratic Party) and ČSSD (Czech Social Democratic Party). ODS was founded as a new party in 1989, whereas ČSSD refers back to its existence before the Second World War (ČSSD after 1945, in the first half of the 1990s, in 2001 and 2008)[11]. Both parties use essentially the same logos, even though they gradually make partial modifications to them.

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[11]Available at:http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b-/domaci.aspx?c=A090909_150529_domaci_adb

ČSSD gave up its historical logo and, at first, went for a pink rose on a blue background as their new logo; since 2006, their traditional rose was redesigned in red and green and the background changed to orange in compliance with the fashionable orange recommended by marketing specialists. The year 2006 together with the decision to rebrand was the beginning of a complex image change by ČSSD. This did not only consist in redesigning its old logo, as showed below, furthermore, the complexity of the change gave the party an opportunity to "attack" new voters with a brand new image. Needless to say that this was a necessity. If the partywanted to get rid of the burden of history and achieve a European level of social democracy, it had to go through a broad-scale rejuvenation. Primarily, itwas the more active communication with similarly oriented parties in the EU countries that helped it to improve its publicity.

Among these parties, we can list the German SPD, the Austrian SPÖ, the Slovak SMĚR and the British Labour Party chaired by Tony Blair at that time. Immediately, ČSSD moved to a different level. It started presenting itself as a party having taken "a breath of fresh air" not only by changing their leader but on the whole by a profound PR change. This helped it to address new voters, other than the ones typically voting for the "old" party.

ODS has kept its traditional logo – a blue bird silhouette. However, even here modifications are apparent. In 1996, a red ribbon was added to the silhouette for one election period representing the Czech national colours, as well as the colour of the left and of the unprivileged classes. In 1996, ODS started losing its voters whose favour was suddenly fluctuating, which lead to ČSSD taking up, therefore this change might have had this connection. Covering the bird in a heart in the election programme of 2010 is also worth mentioning – this was probably supposed to stress the responsiveness and frankness of ODS[12]. Interesting is also the comparison of the logo from the first half of the 1990s with the one from the time of the millennium turn.[13]

Other parties have basically kept their logos without any changes, be it for the reason of tradition or because they had not been existing so long as to face the need to modify their logo. A typical example of the first case is KSČM (Communist Party of Bohemia and Moravia), taking up the tradition of KSČ (Communist Party of Czechoslovakia). After November 1989, KSČM removed its typical sickle and hammer[14] and decided for a logo with red and green cherries staying with it since.[15]

[12]Available at: http://radek-velicka.cz/?p=833
[13]Available at: http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b-/domaci.aspx?c=A090909_150529_domaci_adb
[14]Available at: http://komsomol.cz/archiv/clanky/2867_misicak.html
[15]Available at: http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b-/domaci.aspx?c=A090909_150529_domaci_adb

New parties founded after November 1989 were looking for suitable symbol for themselves. ODA, a right-wing liberal conservative party decided, similarly like ODS, for blue and a unicorn, symbol of happiness.[16]

The party US-DEU (Freedom Union-Democratic Union), which replaced ODA in the right part of the spectrum, had a stable symbolic, too. Its logo included a lime tree with a red inscription "Union". At first, the party documents were printed on a green background, towards the end of their existence, US went for an aggressive bright violet. The colour corresponded to their election topics – more tolerance for drugs17 and sexual topics targeting voters among the young generation.[18]

The traditional Czech political party KDU-ČSL (Christian and Democratic Union–Czechoslovak People´s Party) chose an inscription in blue with red on a white background as the Czech national colours.19 However, their congress documents after 2006 stopped using this logo, maybe due to poor success with the electorate. Following its rebranding, KDU-ČSL started using the fashionable combination of yellow and blue.[20]

Newly established parties chose either inventive symbolism (SZ, the Green Party), or marketing-appealing and sometimes aggressive logos (for example TOP 09, its name derived from Tradition Responsibility Prosperity, or the party "Starostové a nezávislí", meaning mayors and non-party candidates).[21]

[16]Available at: http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b-/domaci.aspx?c=A090909_150529_domaci_adb
[17]Available at: http://eportal.parlamentnilisty.cz/PrintArticle/8-drogy-a-meze-svobody.aspx
[18]Available at: http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b-/domaci.aspx?c=A090909_150529_domaci_adb
[19]Available at: http://www.kdu.pel.cz/akce2010.html
[20]Available at: http://www.parlamentnilisty.cz/politika/politici-volicum/Klima-KDU-CSL-Lidsky-zivot-je-nejvyssi-prioritou-298450
[21]Available at: http://zpravy.idnes.cz/i-loga-politickych-stran-podlehaji-mode-podivejte-se-f9b/domaci.aspx?c=A090909_150529_domaci_adb

Development of the logo of ANO 2011, the current government party, is also worth mentioning [22], [23], [24]: since the foundation of this political movement, all variants of its logo have included the Czech national colours.

Advertising is the most important tool for creating and straightening brands (Karlicek a kol., 2013). The development in advertising can be well observed with parties with a long history and a strong modernisation potential referring to modern technologies and science. Undoubtedly, such example is ODS. Its election materials use inventive colours with an appealing symbolism. The colours have changed from a conservative dark blue-green over an optimistic light blue (sky) to white and red being the national colours. In times of growing problems, we can see a comeback of yellow (with the motto: facing new destiny) and orange, ending finally with blue again. At the same time, the election programmes get more "crowdy" - they do not have the form of anonymous headings any more, instead they present children and a group of "responsible people".[25]

[22]Available at: http://zpravy.ihned.cz/c1-53519490-ekonom-miliardar-babis-dal-na-propagaci-sveho-politickeho-hnuti-temer-dva-miliony
[23]Available at: http://www.mediaguru.cz/2013/08/ano-ukazalo-novou-kampan-a-jeji-tvare/
[24]Available at: http://czechnet.blogspot.cz/2012/04/logo-ano-2011.html
[25]Available at: http://www.ods.cz/politicky-program/volebni-programy

ČSSD and KSČM have different approaches. ČSSD chose a face and a slogan, which later entered history.[26]

On the other hand, the KSČM candidate Jiří Dolejš decided for a non-standard caricatured picture of an alluring girl picking cherries. A 24-year-old KSČM representative went even further by shooting some less timid photos and placing them in the internet as her (political) advertisement suggesting the idea "nothing human is unknown to me"[27]

The economic crisis formed an important milestone in political communication as the parties picked it up for their promotion. Anti-corruption attitudes emerged in government communication, media, NGOs and also within the business sector. The term "anti-corruption" became an often-used marketing claim (Kollmannová, 2013). Campaigns by ODS[28], ČSSD[29] and Věci veřejné (Public Affairs) [30] are good examples of this phenomenon.

[26]Available at: http://www.mises.cz/clanky/pro-zmenu-vladni-krize-1164.aspx
[27]Available at: http://www.parlamentnilisty.cz/zpravy/Odvazna-soudruzka-nafotila-sexy-fotky-nahore-bez-211062
[28]Available at: http://tn.nova.cz/zpravy/domaci/uvolneny-necas-v-tv-nova-policie-at-vysetruje-my-zatim-budeme-vladnout.html
[29]Available at: http://www.radio.cz/cz/rubrika/udalosti/transparency-international-navrhla-sva-opatreni-v-boji-proti-korupci
[30]Available at: http://www.billboardland.cz/reklama/socialni-solidarita-ano-korupce-a-zadluzovani-ne--81

Negative campaign, i.e. a negative presentation of the opponents to destroy their brands has played a significant role in political advertising and image making. These activities are usually organized directly by politicalparties, or by companies hired by them (contractors) or by disgusted citizen. Negative campaigns can be targeted either against a political party, its programme, or against the party´s representative(s).

A typical example of a "black" political advertisement was the campaign by ČSSD called "ODS minus" [31],[32], which aimed at discrediting the election programme of ODS. The campaign had various stages, however, it is not quite clear whether the campaign was gradually escalated – the first billboard creating a sense of secret and expectation and the next phase specifying its content, or whether the next phase was enforced after ČSSD was accused for being politically incorrect. The ODS´ logo had a form of as a blue tourist sign pointing to the right. The poster by ČSSD was using the same shape, however, the arrow was pointing down. The poster intended to inform of the negative effects and plans by the ODS with regard to the less privileged social classes. It was only in the second phase when these posters appeared with an orange sash signalling the author along with other orange posters with the ČSSD programme.

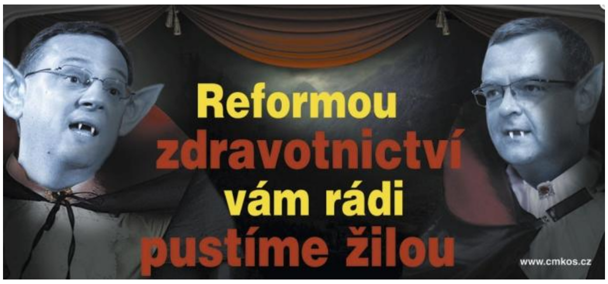
Negative campaigns are usually constructed as personal branding, i.e. they are targeted against individual politicians and, as they form a part of co-branding, against their party in a broader sense, too. It has to be admitted that especially citizens´ initiatives primarily use rather ridiculing forms of advertisement, in line with Czech traditions, often employing hyperbole. First, we present the billboards discrediting the politicians of ČSSD and their policies.[33]

Despite that KSČM is not so often targeted by billboard activities as compared to other parties, this example does not lack sense of humour.[34]

[31]Available at: http://www.novinky.cz/domaci/137449-cssd-oprasila-kampan-ods-minus-s-nazvem-odsouzeni-k-reforme.html
[32]Available at: http://zpravy.idnes.cz/clen-ods-chysta-zalobu-na-antikampan-cssd-fpv-/domaci.aspx?c=A060426_165913_domaci_dp
[33]Source: Autor
[34]Available at: http://volby.blesk.cz/clanek/volby-volby-2012-udalosti/183449/volebni-vtipky-na-uspech-komunistu-jsme-zpatky-milaaasci.html

A self-contained affair during the election campaign of 2010 was a protest against politics by Roman Smetana who draw feelers on some of the billboards [35, 36.]

With respect to the affected political subjects, this type of "political advertising" is rather funny. Nonetheless, the author of this prank was accused of damaging someone else´s property and was convicted. The former TOP 09 Minister of Finance Miroslav Kalousek or the former ODS Prime Minister Petr Nečas were also quite frequently targeted by rather aggressive anti-campaigns. [37]



Negative advertising was used during the presidential election campaign of 2013, too, focusing on the popular candidate Jan Fišer. The billboards intended to remind of his past [38,39].

[35]Available at: http://www.reflex.cz/galerie/zpravy/23027/?foto=0
[36]Available at: http://reporti.net/polis/movement/roman-smetana-neverte-na-spasitele
[37]Available at: http://www.e-sondy.cz/aktualne/2097-3/cmkos-otevrete-oci-jinak-vas-vlada-vysaje
[38]Available at: http://www.reflex.cz/clanek/komentare/49065/kdo-vrti-ceskym-prezidentskym-psem.html
[39]Available at: http://zpravy.idnes.cz/billboardy-s-fischerem-a-ksc-dpx-/domaci.aspx?c=A121204_201629_domaci_brm

In the second round, the candidates Miloš Zeman and Karel Schwarzenberg (or their supporters) used primarily positive advertising but still clearly distinguishing from their opponent [40, 41].

Karel Schwarzenberg tried to present a positive image of himself employing also the legacy of Václav Havel[42], [43].

Conclusion

This article presented an overview of the marketing communication by most of the former or existing Czech political parties. It focuses on the parties´ brand, logo and its development. As mentioned in the introduction, elaborating the brand is traditionally a part of the political fight. Then, an overview of the development of individual parties´ communication follows, which is primarily conducted in the form of outdoor campaigns. The last part discusses negative campaigns illustrated by the example of the presidential elections 2013. It becomes clear from the above mentioned that Czech political parties differ in form of their marketing communication as well as its creativity; rather traditional parties prefer staying with their conservative campaigns whereas some other parties are not afraid to used less traditional forms in order to shock the voters to a certain extend. It can be concluded that a very dynamic development is to be expected in this area.

[40]Available at: http://www.tyden.cz/rubriky/domaci/boj-o-hrad/prezidentska-kampan-finisuje-hrubne-i-karel_258886.html#.Ux7WTf1hqz8
[41]Available at: http://necyklopedie.wikia.com/wiki/Karel_Schwarzenberg
[42]Available at: http://www.ceskapozice.cz/domov/politika/havel-jako-ledoborec-schwarzenbergovy-plavby-na-hrad
[43]Available at: http://www.volimkarla.cz

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Brand image and brand values of Czech football clubs

Tomáš Veselý[44]

Abstract

This study analyses brand image and associations of football teams and their sponsor's brand recognition in the Czech Republic. As it was described in many previous works, congruence between sponsor's brand image and sports events has significant impact on the effectiveness of sponsorship activities as well as on the recognition of the sponsor itself. The carried-out survey with 544 respondents have shown, that majority of respondents do not know the brand names of the sponsors of their favourite Czech football teams. Furthermore, the fans recognize in most case as the sponsor of their team, the sponsor of the whole football league. One of the possible reasons that I will analyse in this work is mismatch between sponsors brand values and team brand values that I will investigate in the paper.

Key words

Brand image, Sponsorship, Czech football league, Brand values, Brand fit

JEL Classification: M31

Introduction

What are the strongest brand associations for 1st Czech football league teams? What are the brand associations of their sponsors? How strongly are sponsors of Czech football clubs recognised by football fans? That are major questions I will investigate in this paper.

As it was defined by IEG[45]in 1982 the sponsorship is widely understand as "A cash and/or in-kind fee paid to a property (typically sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property". The amount of sponsorship spending in 2013 is estimated according IEG study (cited from IEG press release) to be 53.1 billions USD. This is one of the most important reasons, why to investigate the effectiveness of investments – the extent of the industry.

There are various studies (Johar, Pham, 1999; or Dean, 2002) that cover the impact of sponsorship on the brand of sponsors. I would especially express the impact on the Brand awareness. Other studies discuss facilitating brand image and attitudes among consumers (Cornwell et al., 2001; Gwinner, 1997). There are other positive effects of the sponsorships on the sponsor, such as increase in sales, establishing global presence, etc. Nevertheless, these effects are out of the scope of this work.

In my work, I will focus on the brand association of Czech football teams and their sponsors and will investigate, whether the gains for sponsors described above, can be also confirmed in the Czech market.

1 Methodology

To investigate the brand image, values and associations of sponsors and the football teams, I have prepared set of questions investigating the recall of brand names and also set of questions with selection of the most fitting associations related to the football clubs and the sponsor's brands. In next chapter I will gradually presents the findings stemming from the responses.

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To collect the responses, I have used help of OMD (media services agency) and their Snapshot panel. They collected answers from all 544 respondents via their survey panel via CAWI method - "Computer Assisted Web Interviewing". The collection of responses took place during the month of August 2012. All respondents were aged 15-69 years old and Czech citizens.

2 Findings

I will present several key findings that come from analysis of the collected responses. First of all, I will describe split of the fans among the Czech football clubs. Table 1, depicts the distributions of the popularity by all respondents, and also according their gender.

The exact wording of the question was "Which of the following Czech football club you support the most?" Respondents could choose only one team from the list or choose the answer "I do not support any Czech football team." Approximately 49% of the sample has their favourite football club, in contrast, the remaining 51% doesn't any Czech club. For potential application in business practice, this means that the football sponsorships activities will have the strongest impact on almost 50 % of the population. In realty, the football sponsorship activities in the CZ market will approximately reach also "non-fans" especially via media mentions.

Table 1 The distribution of fans among Czech football teams – in whole sample and according genders

Which of the following Czech football club you support the most? (select just 1 of the options in the list), sample=544	All respondents (15-69 years old)		Gender			
			men		women	
	N	**s.%**	N	**s.%**	N	**s.%**
I do not support any football team in the Czech Republic	**278**	**51%**	**108**	**40%**	**170**	**62%**
SK Slavia Praha	50	9%	29	11%	21	8%
FC Baník Ostrava	49	9%	26	10%	23	8%
FC Plzeň	37	7%	26	10%	11	4%
AC Sparta Praha	32	6%	21	8%	11	4%
FC Liberec	17	3%	9	3%	8	3%
FK Teplice	16	3%	7	3%	9	3%
Zbrojovka Brno	14	3%	6	2%	8	3%
Dynamo České Budějovice	12	2%	8	3%	4	1%
Bohemians Praha	12	2%	7	3%	5	2%
FK Olomouc	9	2%	8	3%	1	0%
Dukla Praha	6	1%	6	2%		0%
FK Jablonec	2	0%	2	1%		0%
Other football club	10	2%	8	3%	2	1%
Total	**544**	**100%**	**271**	**100%**	**273**	**100**

I also attach the table showing the distribution of the fans according the age groups. The split of the "non-fans" is strongest in age groups 25–34 and 35-44. On the contrary, the majority of the sample consists of football supporters in the younger, and older age groups.

Table 2 The distribution of fans among Czech football teams – according age groups

Which football team in Czech Republic do you support the most from the following list? (select just 1 of the options in the list), sample=544	Age group									
	15-24		**25-34**		**35-44**		**45-54**		**55-69**	
	N	**s.%**	N	**s.%**	N	**s.%**	N	**s.%**	N	**s.%**
I do not support any football team in the Czech Republic fotbalovému klubu	44	42%	84	61%	80	58%	39	42%	31	44%
SK Slavia Praha	9	9%	10	7%	11	8%	8	9%	12	17%
FC Baník Ostrava	12	11%	10	7%	9	7%	15	16%	3	4%
FC Plzeň	15	14%	5	4%	6	4%	9	10%	2	3%
AC Sparta Praha	8	8%	6	4%	8	6%	8	9%	2	3%
FC Liberec	5	5%	6	4%		0%	1	1%	5	7%
FK Teplice	1	1%	5	4%	3	2%	3	3%	4	6%
Zbrojovka Brno	2	2%	1	1%	8	6%		0%	3	4%
Dynamo České Budějovice	2	2%	3	2%	2	1%		0%	5	7%
Bohemians Praha	3	3%	3	2%	4	3%		0%	2	3%
FK Olomouc	1	1%	3	2%	2	1%	3	3%		0%
Dukla Praha		0%		0%	1	1%	4	4%	1	1%
FK Jablonec	1	1%		0%	1	1%		0%		0%
Other football club	2	2%	2	1%	3	2%	3	3%	0	0%
Total	**105**	**100**	**138**	**100**	**13**	**100**	**93**	**100**	**70**	**100**

The insights stemming from following questions are very important especially for the sponsors and the efficiency of their sponsorship activities. On the contrary from the previous works related to the attributes of Sport team brands (such as Gwinner & Bennett, 2008 or Ross, 2006), I have included within possible responses the values, that are often used in the brand tracker surveys by other industries, so that I could compare brand associations of sport teams and their sponsors.

The reason for this comparison is confirmation of the hypothesis of Gwinner and Bennett, that "consumers are more likely to identify a brand as a sponsor of an event if there is some relationship between the product and the event." My hypotheses suppose similar interconnection, but on the basis of brand values of the sponsors brand and the football team brand. Thus I will analyse the relation rate of recognition of brand as sponsor and fit of the brand values between sponsor's brand and football teams.

Table 3 depicts attribution of brand values to the football clubs in the CZ from their fans. Each responded could attribute brand values only to the club that selected as his/her favourite one.

Table 3 CZ football teams brand values

Supporters attributes following values to its clubs (weight of the first value = 3 points, weight of the first value = 2 points, weight of the first value = 1 point)	SK Slavia Praha	FC Baník Ostrava	FC Plzeň	AC Sparta Praha	FC Liberec	FK Teplice	Zbrojovka Brno	Dynamo České Budějovice	Bohemians Praha	FK Olomouc	FK Jablonec	Dukla Praha	jiný klub	**Weighted average of points**
Aggressiveness	0	0.2	0.1	0.1	0.1	0	0.1	0	0.3	0.2	0.5	0	0.5	0.10
Force	0.3	0.5	0.5	0.6	0.3	0.1	0.4	0.2	0.6	0.1	0	0	0.3	0.39
Speed	0.1	0.4	0.4	0.2	0.8	0.5	0.1	0	0.8	0.6	0	0.7	0.2	0.34
Endurance	0.7	1.1	0.8	0.1	0.6	1.3	1.5	1.3	0.5	0.7	0	0.8	1.2	0.80
Intelligence	0.4	0.1	0.4	0	0.3	0.4	0.2	0.8	0.2	0.6	1.5	0.2	0.3	0.31
Cleverness	0.2	0.3	0.5	0.1	0.4	0.4	0	0.6	0.4	0.7	1	0.5	0.9	0.36
The best in the CZ	0.7	0.2	0.9	1.5	1	0	0.1	0	0	0.1	0	0	0.5	0.56
Deviousness	0.1	0	0.2	0.2	0	0.4	0.2	0	0.1	0	0	0	0.1	0.11
Hardness	0.1	0.5	0	0.2	0.1	0.1	0.1	0.3	0.3	0.2	0	0	0	0.19
Dynamics	0.2	0.4	0.6	0.2	0.4	0.4	0.6	0.8	0.6	1.1	0.5	0.5	0.4	0.44
Elegance	0.3	0.1	0.1	0.1	0	0	0	0	0	0	0	0	0.1	0.10
Technically advanced	0.5	0.4	1	0.6	1	1.1	0.7	0.3	0.2	0.7	0	1.2	0.2	0.61
Honesty	0.3	0.2	0.4	0.1	0.7	0.3	0.6	0.4	0.7	0.4	1	0.2	0.4	0.35
Czech tradition	2	1.2	0.2	1.9	0.2	0.9	1.3	1.4	1.5	0.3	1.5	2	0.8	1.24
Other	0.1	0.2	0	0	0.2	0	0	0	0	0.3	0	0	0.1	0.09

In table 4, I have calculated weighted average of the brand values points, that obtained Czech football teams in the research. As you can see, there are brand values, that prevails by majority of the clubs, and there are values, that only minimum of the respondents attributes to the teams. Namely "Czech tradition, Endurance and technically advanced are most often attributed to Czech football teams. On the contrary, aggressiveness, deviousness and elegance are the least attributed values.

Table 4 weighted average of brand values points

Brand value	**Weighted average of points for all teams**
Czech tradition	1.24
Endurance	0.80
Technically advanced	0.61
Dynamics	0.56
Cleverness	0.44
Honesty	0.39
Intelligence	0.36
The best in the CZ	0.35
Speed	0.34
Force	0.31
Hardness	0.19
Aggressiveness	0.11
Deviousness	0.10
Other	0.10
Elegance	0.09

Next set of questions investigated brand values associations of football fans for prominent Czech football sponsors and companies selected by the author. I am attaching this just for the case of the comparison with brand values of sport teams.

Table 5 football teams sponsors brand values associations

Which values describe the best the following brands? (Choose 3 options) N=266	**Fortuna**		**Nike**		**Gambrinus**		**Umbro**		**Generali**	
	N	s.%	N	s.%	N	s.%	N	s.%	N	s.%
Aggressiveness	68	26%	44	17%	37	14%	51	19%	62	23%
Force	43	16%	105	39%	68	26%	45	17%	57	21%
Speed	35	13%	**129**	**48%**	25	9%	48	18%	21	8%
Endurance	57	21%	95	36%	47	18%	57	21%	57	21%
Intelligence	73	27%	74	28%	30	11%	30	11%	**75**	**28%**
Cleverness	**96**	**36%**	50	19%	30	11%	24	9%	64	24%
The best in the CZ	51	19%	31	12%	96	36%	13	5%	17	6%
Deviousness	**99**	**37%**	38	14%	33	12%	36	14%	64	24%
Hardness	35	13%	42	16%	42	16%	66	25%	37	14%
Dynamics	56	21%	99	37%	41	15%	**74**	**28%**	52	20%
Elegance	24	9%	**115**	**43%**	30	11%	68	26%	24	9%
Technically advanced	38	14%	69	26%	54	20%	57	21%	21	8%
Honesty	33	12%	45	17%	**104**	**39%**	38	14%	42	16%
Czech tradition	36	14%	16	6%	**189**	**71%**	13	5%	16	6%
Other	7	3%	7	3%	9	3%	7	3%	7	3%
All supporters	**266**	**100%**	**266**	**100 %**	**266**	**100 %**	**266**	**100 %**	**266**	**100%**

Which values describe the best the following brands? (Choose 3 options) N=266	**Tipsport**		**Adidas**		**Hyundai**		**Škoda**	
	N	s.%	N	s.%	N	s.%	N	s.%
Aggressiveness	57	21%	51	19%	44	17%	22	8%
Force	52	20%	**100**	**38%**	49	18%	71	27%
Speed	42	16%	**99**	**37%**	**79**	**30%**	50	19%
Endurance	53	20%	**85**	**32%**	45	17%	51	19%
Intelligence	52	20%	43	16%	44	17%	56	21%
Cleverness	59	22%	44	17%	40	15%	45	17%
The best in the CZ	27	10%	19	7%	11	4%	**127**	**48%**
Deviousness	**85**	**32%**	27	10%	45	17%	24	9%
Hardness	53	20%	51	19%	28	11%	17	6%
Dynamics	49	18%	74	28%	**76**	**29%**	57	21%
Elegance	27	10%	**89**	**33%**	**71**	**27%**	72	27%
Technically advanced	33	12%	53	20%	**77**	**29%**	**98**	**37%**
Honesty	18	7%	39	15%	29	11%	82	31%
Czech tradition	29	11%	8	3%	7	3%	**181**	**68%**
Other	12	5%	9	3%	6	2%	11	4%
All supporters	**266**	**100%**	**266**	**100%**	**266**	**100%**	**266**	**100%**

In the table 6, I am showing results of recognition of Sponsor's brands according the team.

Table 6 Recognition of the brands as a sponsors of the football teams in the Czech republic (Results showed for the teams with more than 20 fans in the Snapshot panel)

Which company is the sponsor of your favourite football team in CZ? (you can choose maximum 3 companies), **N=266**	All fans 15-69 years old		SK Slavia Praha		FC Baník Ostrava		FC Plzeň		AC Sparta Praha	
	N	s.%	N	s.%	N	s.%	N	s.%	N	s.%
Do not know	109	41%	17	34%	23	47%	9	24%	8	25%
Gambrinus – (Sponsor of whole football league)	70	26%	14	28%	8	16%	19	51%	9	28%
Fortuna	46	17%	6	12%	6	12%	3	8%	**14**	**44%**
Nike	27	10%	2	4%	**11**	**22%**	1	3%	**10**	**31%**
Škoda (in case of Plzeň, it is local company Škoda power)	26	10%	4	8%	1	2%	**14**	**38%**	1	3%
Tipsport	21	8%	4	8%	2	4%	6	16%	1	3%
Umbro	20	8%	**13**	**26%**	1	2%		0%		0%
Adidas	16	6%	6	12%	3	6%		0%	1	3%
Česká Spořitelna (Sponsor of CZ football national team)	14	5%	4	8%	2	4%	3	8%		0%
T-mobile (Sponsor of CZ football national team)	7	3%	1	2%		0%	3	8%		0%
Bwin	5	2%		0%	1	2%	1	3%		0%
Generali	5	2%	1	2%		0%		0%	3	9%
Staropramen (They doesn't support any team)	4	2%	1	2%		0%	1	3%		0%
Komerční banka (They doesn't support any team)	3	1%		0%	1	2%		0%		0%
Hyundai	3	1%		0%	1	2%		0%	1	3%
Vodafone (They doesn't support any team)	3	1%	1	2%	1	2%	1	3%		0%
Number of respondents supporting the team	266	100%	50	100%	49	100%	37	100%	32	100%

On the basis of these associations, I have analysed further the dependency of sponsor's brand recognition on brand values fit. To calculate brand fit, I have compared sets of brand values of sponsor and sport club according newly defined index – Brand values fit index - sum of absolute values of percentage differences between each brand value. Brand values fit index compare brand values fit between 2 brands. Mathematically can be formulated as

$$Brandvaluesfitindex = \sum_{n=1}^{\infty}(|a_n - b_n|) \qquad (\%)$$

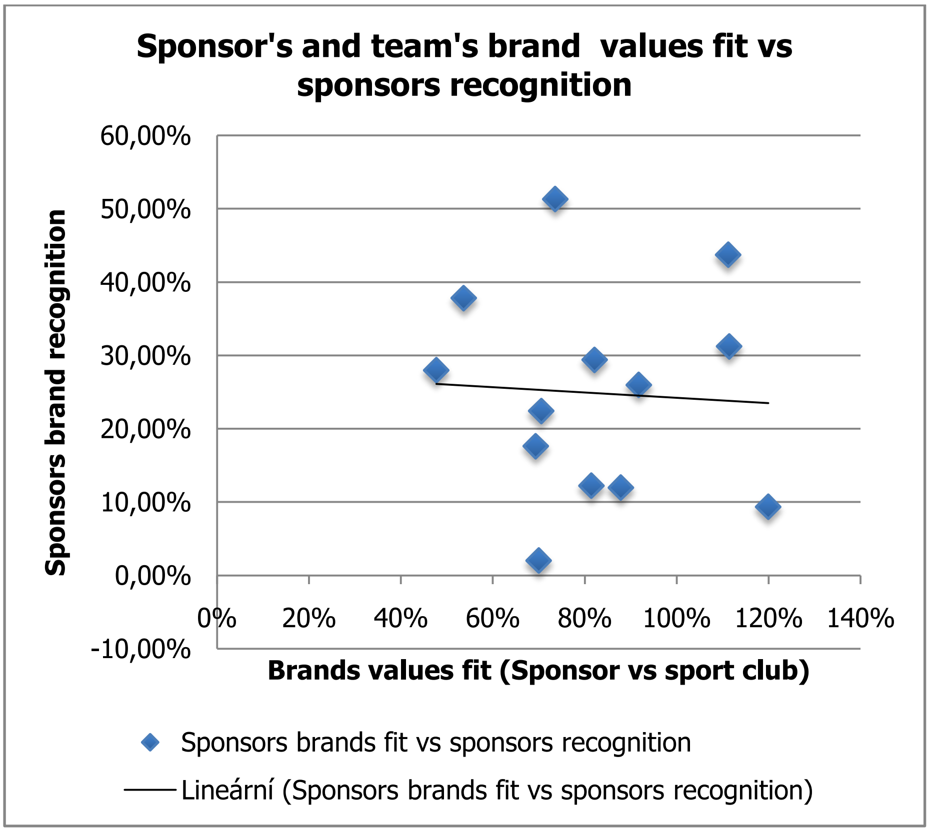
an – brand value association in percentage for nth value of Sponsor brand

bn – brand value association in percentage for nth value of Sport team brand

To analyse hypothesis of dependency of sponsors brand recognition on brand values fit between sport team and its sponsor, I have combined brand values fit index calculated for SK Slavia Praha, AC Sparta

Praha, FK Baník Ostrava and FK Viktoria Plzeň and their sponsors, with the percentage of sponsor's brands recognition[46]. The result was only a weak dependence between the variables with "weak" statistical significance – see diagram n1.

Diagram 1 Relation between Brand values fit index and sponsor's brand recognition



Conclusion

The study has demonstrated that there can be identified specific brand values for Czech football teams and describe in this way the brand image of the football clubs. There are also brand values that prevail by most of the Czech football teams. On the other hand, it was not confirmed nor refuted the hypothesis of the dependency of sponsor's brand recognition on brand values fit of sponsor and of the sport team.

To confirm the above stated hypothesis, the study should be extended by increasing numbers of respondents, so that the bigger number of combinations of teams and sponsors is analysed, and we can decide about hypothesis on the higher level of statistical significance.

In future research, similar approach can be applied even out of sport industry. For example, the analysis of cooperation between 2 brands, and to analyze whether the fit of these two brands can has impact on the results of such cooperation.

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Demand and Supply Integration in Company

Milan Oreský[47]

Abstract

We bridge the currently used practices sale and operation planning into supply demand integration company system. Paper is presenting actual analytical outputs (particular outputs) about company demand and supply integration systems. On this base we formulate recommendations in the form of DSI (demand and supply integration) draft process model with five critical components. Demand forecasting is starting point for sales forecasting and we explain key aspects: characteristics of demand, forecasting technics and inputs for forecasting excellence. Forecasting excellence is standing at three pillars: statistical forecasts, qualitative judgments and consensus process.

Key words

Demand forecasting, sales forecasting, independent demand, dependent demand, demand supply integration

JEL Classification: M21, M39

Introduction

Many authors have, over the last twenty years, written about sales and operations planning. We could find these topics reading about sales management, operation management, supply chain and purchasing, also about marketing management etc. But in all the above mentioned examples we see always a dominance of a single activity, despite the efforts is lacking integrative approach. Later, we noted something like rebranding of sales and operating planning, but this is not demand and supply integration. We could see several common implementation problems, but also some basic differences, which we describe in next three points (Moon, 2013).

First S&OP processes are often tactical in nature. They often focus on balancing demand with supply in the short run and turn into exercises in flexing the supply chain, either up or down, to respond to sudden and unexpected changes in demand.

Second, sales and operation planning process implementation is often initiated and managed by a company´s supply chain organization. Because, the supply chain executives are "blamed" for failure to meet customer demand in a cost-effective way. Nothing can make sales and operation planning fail any faster than having sale and marketing be non-participants.

Third, the name with sales and operation planning carries with it a tactical aura. Many more function beside sales and operations must be involved in order for effective business planning to take place.

Demand and supply integration approach is not unknown term. Companies used it approximately for 15 years, particularly manufacturers in the automotive and electronics industries, which operate on the principle of assembling.

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Many companies, in their practice, introduced anticipation of sales and step by step they implemented interconnection between sales forecasting ☐sales planning ☐production planning ☐capacity planning ☐ resource procurement (Lysons, Farrington, 2012).

Finally, the introduction is required to fill important methodological and terminological remark. It concerns the names of sales forecasting and demand forecasting. Business talks about sales forecasting, but more recent articles indicate demand forecasting as a key starting point. For some authors it is the same or not important to explain differences. Sales forecasting can not exist without demand forecasting. The difference is that sales forecasting is part of the process of creating sales plans (especially for medium and short-term periods) and should take into account the capacity planning (Kita 2010, Oresky 2011).

1 Methodology

This paper is presenting actual analytical outputs (we must note – particular outputs) and opinions, conclusions about company demand and supply integration system and later, on these outputs base we formulate recommendations in the form of DSI (demand and supply integration) draft model suitable for today and future. The principal research methodology was questions placed to sales, procurement, manufacturing operations executives in manufacturing companies and to other experts. We do not consider this research to be fully representative. It is result of pre-screening. We talked with two dozens of manufacturing and distribution companies (no service firms) within chemical industry, building materials production industry, furniture and food industry.

The starting hypothesis is related to the aspect if and how firms are using effectively modern procedures and processes respond to changes in demand development within company processes integrating sales, production, purchasing and other basic company functions.

We have obtained very interesting data related not only to the conditions in the national economy, but there are also sources of multinationals or their local facilities.

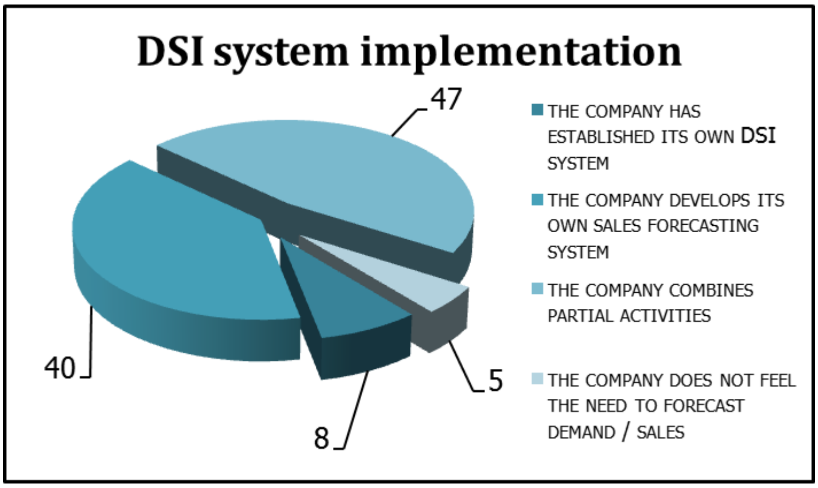
2 Findings – DSI company model

In interviews with executives and experts, we have gained a wide range of descriptions of situations in companies when the coordination or integration of sales, which responds to market development and supplies to the enterprise, does not work. Signals that demand and supply are not effectively integrated are, for example, formulate in next questions:

- Does manufacturing complain that sale overstates demand forecasts, does not sale the product and then the supply chain gets blamed for too much inventory?
- Does the sales team complain that manufacturing cannot deliver on its production commitments and it is hurting sales?
- Does manufacturing complain that the sales team does not let them know when new product introduction should be scheduled and then they complain about missed customer commitments?
- Does the sales team initiate promotional events to achieve end-of-quarter goals, but fail to coordinate those promotional activities with the supply chain?
- Are raw material purchases out of alignment with either production needs or demand requirements?
- Does the business team adequately identify potential risks and opportunities well ahead of time? Are alternatives discussed and trade-offs analysed?

From our pre-screening, we see that 8 percent of companies have introduced their own DSI system (the level and effectiveness of these systems has not been studied). About 40 percent of companies develops and uses sales forecasting. The majority 47 percent of the firms combined usage of partial activities (sales plan and its linkage to the supply of major raw materials and components). Finally about 5 percent of companies do not feel the need to deal with sales or demand forecasting. Figure 1 shows the results of DSI implementation pre-screening.

Figure 1 Results of DSI implementation pre-screening



Source: own research

The ideal picture of demand supply integration could be described quite easy. First is demand forecast and capacity forecasting. The demand forecast is the company best "guess" about what customer demand will consist of in the future time periods. And the capacity forecast represents the best "guess" about what future supply capability will be. Several options exist: a) dampen demand, b) increase capacity, c) build inventory. And plus some other specific solutions.

Three categories of business plans result from the DSI process, as follow:

Demand plan, which we could transfer into sales plan. Sales and marketing will affect sales f. e. if prices need to be adjusted to bring demand into balance with supply, then sale and marketing need to execute those price changes. In addition to price changes, there is a lot of choices in the usage of other marketing and sales tools such as CRM etc.

Operational plans represent the decision from the DSI process that will affect the supply chain.

Financial plan represent signals back into the financial planning processes of the firm based on anticipated revenue and cost figures that are agreed to in the DSI process.

Demand supply integration model

Demand supply integration (draft) process model is based on critical components, which we present now. It should be stressed that this is one of the first versions of the DSI model for the enterprise (especially talking about producers).

1. Portfolio and product review
2. Demand review
3. Supply review
4. Reconciliation review
5. Executive review

Portfolio and product review – its purpose is to serve as input to the demand review for any changes to the product portfolio. These changes typically come from two sources: new product introduction and product or business unit rationalization.

Demand review – the ultimate objective of the demand review is an unconstrained, consensus forecast of future demand.

Supply review – the purpose is to arrive at a capacity forecast, defined as the company best guess of its ability to supply products or services in some future time period, given a set of assumptions that are both internal and external.

Reconciliation review – along with the executive DSI review, transforms S&OP into DSI for this is where the process is transformed from one that is designed to plan the supply chain into one that is designed to plan the business.

Executive DSI Review – is the final critical component of the DSI process and it constitutes the regularly scheduled gathering of the leadership team of the organization. The overall objective of the executive meeting is to: review business performance, resolve any out-standing issues that could not be resolved at the reconciliation meeting, ensure alignment of all key business functions.

Determinate and indeterminate demand

Now is the time to open the question about the nature of demand, the basic dividing is determinate and indeterminate demand. Sometimes there are used names - dependent and independent.

Independent demand items are finished goods or other end items. Demand for independent items cannot be precisely forecast. Dependent demand items are typically subassemblies or components used during the production of a finished or end products. Demand is derived from the number of units to be produced. Nature of demand is a vital factor that affects the processes and techniques used in the forecasting process and the entire DSI process in company (Hvizdová, Matušovičová 2013).

Demand forecasting starting point for sales forecasting

Demand forecasting as a management process is a company best estimate of what demand will be in the future, given a set of assumptions. It should be and educated guess, but is nevertheless a guess. Many books and articles have been written on the subject of sales forecasting and are not starting with demand forecasting. We mentioned that sales forecasting can not exist without demand forecasting. The difference is that sales forecasting is part of the process of creating sales plans and should take into account the capacity planning.

Some key terms and aspects of forecasting process should be defined and well understand. We could talk about these ones:

Forecasting level describes the level of granularity, or detail, in which a forecast is expressed, for example: core/profit products forecasts, product family forecasts with combination to key customers, to distribution partners, or sales territories etc.

Forecasting horizon is the length of time out into the future in which demand is being forecasted. Frequently we talk about mid-term forecasts and short-term forecasts (also long-term forecasting is on program, but this one is related with strategic management level). Minimum length of the forecasting horizon should be no shorter than the production lead time. Maximum length depends on conditions of creating additional production capacity.

Forecasting interval is the frequency at which the demand forecast is updated. This is very variable condition. Usually we use so called revolving system. For some consumer goods companies work with weekly forecasts, for assembling production we use weekly forecasts etc.

Forecasting form is the type of physical measurement in which the demand forecast is expressed.

Management of the forecasting process in company is determined by variety of factors. Three overall areas must be examined prior to establishing a forecasting process – the nature of the customer base, the available data and the products or services being forecasted.

The nature of the customer base as are for example retail customers, business customers, distribution partners.

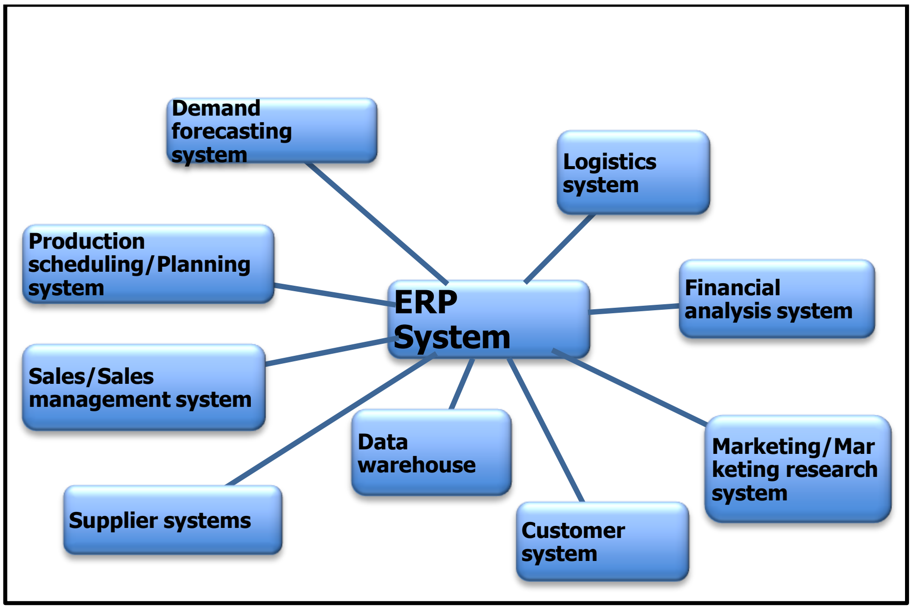
The nature of the available data; several categories of data are needed for effective forecasting: historical demand data, data about past and future macro environmental trends and competitor data etc.

The nature of the product is depending on product life-cycle stage. Specific situation is with new products. In sum, the nature of the optimal forecasting process will depend on the nature of the business.

In 21st century all business functions are supported by information systems that are designed to apply computer technology to make functions more effective. Three critical functions are performed by demand forecasting computer system (Moon, 2013):

1. Statistical engine working with sophisticated algorithms that identify patterns in historical demand and gives great value that comes from application of statistical modelling,
2. Data organizer working with data sources that musts somehow be organized, coordinated and made available to forecasting decision-makers. These are examples of outputs: baseline statistical forecasts, adjustment by marketing or product management, adjustment by sales, customer-provided forecasts, historical accuracy and bias metrics.
3. Data communicator – figure 2 presents overview of how demand forecasting systems should fit into overall information technology architecture. Professionally managed data warehouse is a critical component to the effectiveness of the demand forecasting process.

Figure 2 Forecasting system overview – information sources aspect



Source: adapted according to Moon, 2013

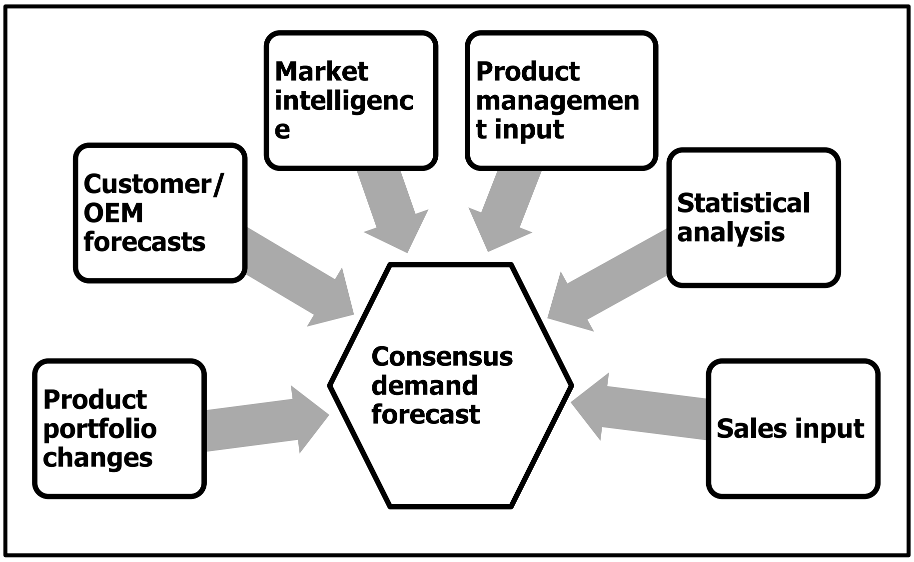
Ifwe havegood informationdatabases and appropriatesoftware packageisa major issueusage of most suitableforecastingtechniques. There is no needto talkin detailabouta wide range ofqualitative andquantitative forecasting techniques. It isa common mistakewhenoutputs ofqualitative orquantitative techniquesor theircombinationare considered asdemandforecasts (Gonzalez-Rivera, 2013). Forecasting excellence is standing at three pillars: statistical forecasts, qualitative judgments and consensus process.

Beforewe can talk aboutconsensusdemandforecast, we must take into account other"inputs".

- We consider an important input into forecast to incorporate market intelligence. This concept we see from two points of views. First we call "bottom-up" forecasting and second one "top-down forecasts". Micro information orientation is applied at individual customers, or individual products. And macro information orientation is applied to forecast industry demand for an entire category of products.

- Next specific input could be customer-generated forecasts (also as excellent source of market intelligence) prepared according different types of customers, including following: project-based customers, OEM customers, distribution and retail customers.
- As we see at figure 3 to get consensus demand forecast we add product management inputs and product portfolio changes.

Figure 3 Inputs to the entire demand forecasting process



Source: own processing

Putting it all together, sources as baseline statistical + product/production management input + customer forecasts + sales inputs = we create final forecast.

Performance measurement

Forecasting performance measurement is about two areas: *process metrics versus outcome metrics.* Talking about theperformancemetrics wemust decideonindicatorsofeffectivenessin DSI and outcome metrics shows the results of forecasting excellence. We incline to think that a good approach is to focus to return on shareholder value as ratio of profit to capital invested (working capital plus fixed capital).

Conclusion

Evena relativelyshort article andfindingsthereinsuggestthat the idea ofDSImodelis very actual andinteresting for theMSEalso bigger companies. Mentioned basestructure of the model with key processes is good start-up point for further development and improvement according particular company conditions. We are starting with these components: a) portfolio and product review, b) demand review, c) supply review, d) reconciliation review, e) executive review.

In addition, to the selection of suitable forecasting techniques is critical to correctly define the characteristics of demand-independent or dependent demand. And then determine the main parameters such aslevel offorecasting, its horizon, interval and form. Today's time is required for thegoodmanagementofforecastingdeveloped systemof corporateinformation resources. And final stage of forecasting must be consensus process.

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Customer Lifetime Value as the 21st Century Marketing Strategy Approach[48]

Jan Rožek[49]

Abstract

The purpose of this paper is to summarize the current development and basic principles of the Customer Lifetime Value approach with focus on main trends and core values. The main goal of this paper is the creation and description of today´s Customer Lifetime Value conceptual model. Additionally, Customer Lifetime Value should reestablish marketing´s position as the core strategic management instrument in marketing driven companies. The main goal of the paper should be to summarize findings of main researches and schools that show the great importance in viewing customer as the main asset of the company and need of a marketing focus change in order to be able to properly manage this strategic relationship.

Key words

Customer Lifetime Value, Strategic Marketing, Customer Equity, Customer Relationship, Game Theory, Acquisition Equity, Retention Equity, Add-on Selling, Advocacy Value, Customer Lifecycle

JEL Classification: M31

Introduction

According to the core values of the marketing, this business scientific approach should act as the basic strategic principle of all marketing driven companies where the customer and his needs are viewed as the basic target of all company´s activities (Webster, 2005; Kotler & Keller, 2011). As mentioned and proved in many scientific researches, marketing orientation fosters the competitive position of the companies and creates a significant competitive advantage. (Slater & Narver, 2000) Based on this core statement and position, marketing should act as a think tank and the leader of the company´s strategy.

Nevertheless, today´s reality shows a different situation. More than on strategic activities, marketing focuses its activity on tactical and operational business tasks (Shet & Sisodia, 2006). There are many reasons why marketing has lost its strategic influence and according to Brown (1995), marketing has entered a mid-life crisis of representation. Some of the main attributes of this marketing crisis can be summarized into 5 main points that were identified by different researchers: narrow typecasting of marketing functions and accountabilities (Davies & Ardley, 2011); marketing function marginalization (Schlosser & McNaughton, 2007); shifting of marketing responsibilities to other functional specialists (Webster, Malter, & Ganesan, 2005); insensitivity to environmental changes with focus on short-term goals (Kotler, 2004); lack of business analytical and accounting skills (Cassidy, Freeling, & Kiewell, 2005). These issues lead to the failure of marketing to create, deliver and communicate the added value of its activities within the organization. From the external point of view, the core issue can be found in a fact that the marketing strategies are focused more than on customer and the strategic market position of the firm, on the competition and the reaction on its strategies (Economist Inteligence Unit, 2006).

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More than other departments, marketing has an intensive cross-functional position through which the internal activities are translated and formulated into the direct contact with the customer in order to foster the marketing strategy of the organization. Unfortunately, the relationship within marketing and other departments (mainly sales) is often problematic and it negatively affects interfunctional cooperation performance within the firm and therefore the performance of the overall company (Dewsnap & Jobber, 2000). The main issues in cross functional cooperation that decrease the efficiency of the marketing activities are different skills and means of the activities, different objectives and accountabilities and different evaluation process of marketing representatives than the colleagues from other functional departments (Matthyssens & Johnston, 2006). All these differences lead to a misunderstanding in the marketing role within the company and therefore to the loss of the marketing strategic position within the organization. In other words, other departments view their marketing representatives as the risk-taking colleagues with less analytical skills and accountability. (McGovern, Court, Quelch, & Crawford, 2004)

Based on above-mentioned facts there is no doubt that marketing needs a radical change. The change should be both in the way, how it is perceived within the company but even more how it influences the strategy of the organization and therefore what is its position and accountability within the strategic decision-making process of the company.

CLV as an answer of today´s business calls

As it was mentioned in the previous chapter, marketing loses its strategic position within the firm hierarchy partly because of the focus on operational issues, inter-organization difficulties in cooperation and internal fight for resources within other departments. One of the main drawbacks of marketing activities is unclear and not fully measurable outcome of these marketing investments (Shet & Sisodia, 2006).

This fact has been proven by many extensive and in-depth international researches. Worldwide research conducted between 1 700 CMOs showed that the main drawback of today´s marketing is the inability to manage and report the marketing investments outcomes. One of the main reasons was the lack of financial knowledge and insufficient technical skills of the marketing representatives (IBM Global Business, 2011). In line with this statement are the outcomes of the research conducted by The Economist Intelligence Unit (2006) which show that top management is dissatisfied with the abilities of the marketing representatives to measure the results of the marketing campaigns and that there is a significant pressure on the marketing department for higher accountability for its results. As a result, one of the main expected changes of the marketing in the nearest future will be the adoption of deeper scientific orientation.

The answer for the call of the better return on investment measurement is not only about a cosmetic change in the marketing controlling mechanisms but it will require a total change in the way how marketing is managed and on what outcomes are the marketing activities focused. This change is represented by the Customer Lifetime Value approach that reacts to these current business needs on marketing. The main difference of this approach is in the way, how marketing perceives and works with the customer and the customer relationship. (Rust, Zeithaml, & Lemon, 2000)

The basic principle of the Customer Lifetime Value approach is the redirection of marketing focus from the mass product with one-way marketing communication back to the customer, customized bi-directional communication and personalized offerings (Peppers & Rogers, 1997). Rust et al. (2004) add another crucial definition that describes the core values of the Customer Lifetime Value. The CLV shifts marketing from the Transactional customer business view to the long-term Relationship Marketing approach. Transactional marketing is defined by short-term relationships with unspecified customers and main focus on product management – in other words, customers are viewed simply as consumers of companies' push marketing communication methods and mass products. In contrast to the Transactional Marketing approach stands the Relationship Marketing that builds the business on long-term relationship with the clearly specified and described customers. The product offered to the customer in the Relationship Marketing does not need to be clearly personalized; it should react to real customer's needs based on his current situation and future development of the relationship.

We can say that Customer Lifetime Value is not anything new. Let´s look back on the traders at the beginning of the 20s century who were a part of the local communities and perfectly knew their customers and their specific needs. These salesmen tried to build the relationships with their customers through personalized offerings and knowledge of their needs and wants. There was no direct intention behind these activities, they were just a part of the local community, which helped them to know the necessary information about their customers and react respectively in their business. Today, the business is much more complex and the company has to deal with much broader customer base. Few years back till 90s, it was impossible to collect, manage and work with the customer data regarding customer transaction history, customer behavior, customer contact with the company etc. These data were gained from different sources with different focus and aim, which made it hard to interconnect this information into one useful output. Nowadays, thanks to the modern informational technologies, such abilities can be applied on much broader customer base. With the usage of modern performance evaluation metrics the different sources can be interlinked in order to connect the information about the customer and thanks to different bi-directional communication methods the customers can be better and more effectively personally addressed.

From the inter-organizational point of view, the main change that the Customer Lifetime Value model brings is the view on the customer as the real business partner. CLV changes the customer from the passive consumer of the company´s products and marketing communication activities to the core and strategic company´s asset (Blattberg & Deighton, 1996). This new view changes totally the way, how the customer is treated and understood.

As it was mentioned in previous paragraph, customers are viewed in CLV model as a strategic company asset that is crucial for the long-term performance of the company. If the customer is the long-term asset of the company, then the activities related to this asset should be managed according to the general asset management practice. Assets are taken as the basic pillar of each company value, through which is created the added value of the firm further translated into company's profit. The company's assets stand for one of the strategic competitive advantages of the firms. (Besley, 2004) In order to get the asset into its portfolio, the company has to realize some acquisition investment, that is amortized in a longer time period. With the long-term assets are linked maintaining costs that have to be invested order to ensure the long-term benefit (added value) from them. The asset management requires respective valuation and controlling methods to be able to manage the asset correctly and get the maximum from it. The basic premise of the strategic asset is its long-term duration and therefore a long-term profitability, which requires a long-term management approach. This long-term customer asset approach differentiates the customer relationship as it is viewed by the CLV from the short-term transactional relationship described above. The main goal of the transactional relationship is to maximize the revenue from each customer in the short-term, whereas the Customer Lifetime Value model builds on the long-term strategic interaction between the company and the customer as the company's long-term asset.

From the financial point of view, the possibility to quantify the impact of each asset – in our case the customer – and calculate the direct Return on Investment of each marketing activity through clear relation to a specific customer is the main advantage of the Customer Lifetime Value model. Companies can exactly calculate not only the current, but also the future contribution of each customer and the value of the customer's long-term relationship with the company (Rust, Zeithaml, & Lemon, 2000). This customer value based approach enables to build the marketing investments strategies in order to get the most from each of the relationship. Next implication of this point is that the companies can directly and quantifiably calculate the Return on Investment of each marketing activity based on the growth of each customer value and therefore the overall company Customer Equity Value. In CLV, management can apply financially quantifiable key performance indicators for all marketing activities conducted within the firm and targeted them to the respective customer base.

As the core values of the model described above show, Customer Lifetime Value replies on most of the current drawbacks of marketing activities mentioned in previous chapters and brings the possibility to clearly valuate the outcomes of all marketing investments. This fact returns marketing back to the position of the creator and the manager of the long-term company´s business strategy. More over it sets marketing back to the position of the main inter-organizational function of the company. Marketing, mentioned as the manager of the relationship with the customer – the primary company's asset – has the responsibility and accountability for the long-term continuous improvement and profitability of the relationship.

This responsibility consists of the right and profitable target customer group choice, usage of an appropriate acquisition strategies and set of a long-term retention strategy keeping in mind the profitability of the respective customer (Blattberg, Getz, & Thomas, 2001). The activities related to these strategies go through the whole firm from the front office represented by the sales team down to the back office departments such as customer service or the accounting department. Marketing as the main managing entity performs in this process the strategic coordinator role of the overall flow both inside and outside of the company. On one side it creates the external strategy in the direction to the customer and on the other side behaves as the internal moderator of the customer relationship importance through all internal teams.

Customer Lifetime Value & Customer Equity Calculation

The same as the asset described earlier each relationship requires some amount of investment (detailed description of the different types will be described later) and should produce respective revenues in the optimal situation. As it was mentioned in previous chapter, Customer Lifetime Value model is based on the long-term relationship with the customer. Therefore, the profits and even the investments will be spread into more accounting periods. This fact requires the employment of the discounting method in order to be able to clearly evaluate the value of future profits coming from the relationship.

The basic formula for the calculation of each customer CLV is described as the sum of all future discounted profits coming from the customer relationship – all revenues minus all costs related to the customer interaction with the firm (Gupta & Lehmann, 2006). The future interactions and related profits of the customer are influenced by the retention index marked in the formula as "r_t". This index shows the probability of repetitive buying behavior in respective time period "t". The goal of the retention investments is to higher up this probability in order to maintain the relationship with respective customer for the selected number of periods. Each customer's CLV is highly influenced by the primal investment in the form of acquisition costs – costs that are invested into the customer in order to influence him for the prior buying behavior as the start of the relationship.

$$\mathrm{CLV} = \sum_{t=1}^{n} \frac{p_t \times r_t}{(1+r)^t} - \mathrm{AC} = \sum_{t=1}^{n} \frac{(R_t - C_t) \times r_t}{(1+r)^t} - \mathrm{AC}$$

$\mathrm{CLV} = \text{Customer Lifetime Value}$
$R_t = \text{revenues by customer in t period}$
$C_t = \text{costs related to the revenues in t period}$
$n = \text{time horizon for extimating CLV (number of periods)}$
$i = \text{discount rate}$
$p_t = \text{profit in t period}$
$\mathrm{AC} = \text{acquisition costs}$
$r_t = \text{propability of customer repeat buying at t period}$

To calculate the total value of all company's customers – sum of all CLVs - is used the Customer Equity described as the sum of CLVs of all current and future company's customers. (Rust, Zeithaml, & Lemon, 2000)

$$\mathrm{CE} = \sum \mathrm{CLV}$$

Customer Lifetime Value indicator is primary used for the internal calculations focused on the company's strategy decisions regarding the customer acquisition and retention investments. Customer Equity should be used as the indicator of overall company's performance and act as one of the external indicators of company's condition.

CLV theoretical background

Customer Lifetime Value main specific – the orientation on the long-term valuable customer relationship – can be theoretically supported by the main principles from the microeconomics, more specifically by the application of theGame Theory model.The implication for the theoretical confirmation of the Customer Lifetime Value model can be taken from the Product Quality Game described in Game Theory model made by Rasmusen (2000).

The players in this game are company on one side and customer on the other. The game scenario can be described as an interaction of the company that produces and offers a product with a fixed price to the customer. The company chooses from two strategies, either to offer a high quality product with higher fixed production costs (therefore lower profit from the single interaction) or to offer a low quality product with lower production costs (therefore higher profit from the single interaction). Customer strategies are to purchase the product or not to purchase the product. Besides these strategies the customer cannot observe the quality before he chooses the strategy – e.g. to buy or not to buy - and ends his turn. The game is played repetitively in an indefinite time horizon with zero or low discount rate. The possible payoffs of different strategies can be found below in the form of a payoff matrix.

	Customer's strategies and payoffs		
Company's strategies and payoffs		**To purchase**	**Not to purchase**
	HQ Product	5 / 5	0 / 0
	LQ Product	10 / -5	0 / 0

To get a better understanding about the description of the quality variable we will use the definition made by Wang (2004) who characterizes the quality as the perceived level, to which the product meets the customer's expected value (product, procedural, personal, social and emotional value compared to perceived sacrifice).

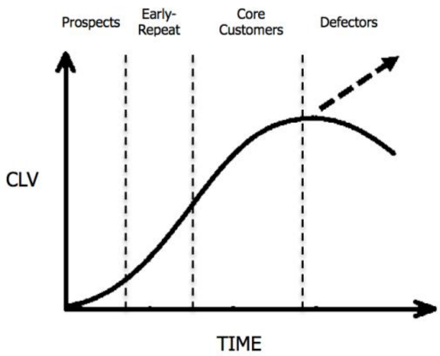
The Nash equilibrium in this game showed in the payoff matrix combinations will be the combination of "LQ product" strategy from the company side and "Not to purchase" strategy from the customer side which will result in a situation that the initial purchase will not happen. But because of the asymmetry in the outcomes on the company's side, this player will be interested in the situation when the customer will play the strategy to purchase. This fact will lead to a situation when the company will signalize that it has chosen the strategy of the High Quality product before the start of the game in order to convince the customer to purchase the product (in reality typical marketing acquisition techniques). In addition the company will be in the situation of moral hazard whether to signalize the HQ product strategy and in reality play the LQ product with higher profit from the single transaction or whether to offer really the HQ product but with lower profit in the respective game.

Looking at this situation it is more than visible that in the repetitive games with indefinite horizon the only long-term sustainable strategy from the company's side is the strategy of HQ product offer. This is the only way, how to sustain the relationship with the customer and therefore a long-termbusiness sustainability. In thissituation the customer has no need to quit the relationship and change the partner. In other words the goal of the company should be the creation of an open WIN-WIN relationship where the customer has no reason to terminate this cooperation.

If we compare it with the description of the Customer Lifetime Value model, this application proves the basic principle of WIN-WIN relationship as the basis for the relation with the customer. The company has to deliver the demanded product or service in an expected quality level in order to maintain the customer in the repetitive buying behavior.

Customer Lifetime Value main elements

As it was already mentioned in previous chapters of this article, Customer Lifetime Value model changes the way, how the marketing activities are managed and what is the purpose of these investments. Blattberg et al. (2001) differentiate three categories of marketing activities depend on the customer lifecycle within the firm – Customer Acquisition, Customer Retention and Customer Add-on selling. Customer lifecycle within the firm can be divided into four stages with different expected strategies. (Blattberg, Getz, & Thomas, 2001)



First prospect stage describes individuals with potential value for the company into which the company has decided to invest in a form of acquisition investment in order to switch the prospects into the customers. Early repeat buyers represent customers that have made the trial purchase and compare the delivered quality with their expectations – decide whether to continue in the relationship or whether to defect. Third group consists of the core customers where the main strategy of the company is to maintain the relation and higher up their CLV through add-on selling techniques. Last group of defectors includes customers that are deciding or have already decided to end up the relationship with the company. In some cases the company can still make steps in order to save these customers if the CLV of these clients is worth for it.

Customer Acquisition

Customer Acquisition stands for the basic and primary part of the whole process of customer relationship. This phase influences all following stages, and it is described by many authors as the most investment intensive part of the relationship. In order to maximize the effectivity of the acquisition investments, the companies must deeply focus on this stage in order to build the relationship with the customers they really target. The process of acquisition consists of Targeting (selecting the prospective customer groups), Generating the awareness and positioning (communication of the offer towards the targeted prospects), Building the pricing strategy (whether to apply a Acquisition and Retention pricing discrimination strategy) and Managing the trial purchase (Experience and Satisfaction management).

Acquisition budget should not be definitely taken as a cost but more as a strategic investment. During this stage the companies must keep in mind several golden rules in order to invest the funds properly. The goal is to create a new relationship, not to sell one product or service. As it was already mentioned in the section of the CLV calculation, the acquisition investments should be made till the CLV of the customer exceeds the acquisition costs. Simultaneously, the higher are the expected profits from the retention (the higher are the CLV revenues), the greater can be the acquisition investments. Last but not least, broader and more mass acquisition techniques will have lower response rates.

Customer Retention and Satisfaction trap

According to the research of Keiningham et al. (2006), 20% of the company's customers make 150% - 300% of the total company's profit, 60% - 70% of the customers are on the break even (their CLV equal zero) and 10% - 20% of the customers loose 50% to 200% of company's total profit. This finding implies the need for strategic management of retention process. As it was already mentioned, the relationship starts with right acquisition. Keeping in mind this paradigm, retention should ensure that the expected CLV would be brought to the company through the strategically built relationships.

Main goal of the retention activities is to ensure the repetitive buying of the acquired customers. And on the other side to optimize the total customer equity by managing the optimal retention rate on the optimal customer base with positive CLV index. By the model made by Malthouse et al. (2008) retention is the result of the behavioral loyalty into which is transposed the attitudinal loyalty (brand loyalty). This model proves that loyalty at its own is not directly the key to the retention but it must be linked with the purchasing behavior, which is the factor that creates the positive effect of the loyalty on the retention.

The loyalty and the retention are many times associated and interconnected with the pursuit of satisfaction. This linkage creates enormous costs, but based on findings of many researches brings low or even zero effect on the real retention (Blattberg, Getz, & Thomas, 2001; Malthouse & Mulhern, 2008; Carnegie, Wilcox, & Zhu, 2008; Gounaris, Tzempelikos, & Chatzipanagiotou, 2007). The reason for this situation is a fact that satisfaction described as the positive difference between the expectations and delivered quality is just one element of the loyalty and therefore the retention. The other crucial elements that influence the retention are by Blattberg et al. (2001) the customer perceived value (the quality divided by the price), the product uniqueness, the ease of purchase, the customer service and the ease to exit. All these elements have to be taken into consideration when the company is trying to increase the retention rate. On the other side, it is necessary to mention the fact that even though satisfaction does not show a direct result with retention rate it fosters the long-term loyalty and decreases the defection rate (Malthouse & Mulhern, 2008).

Add-on selling

Add-on selling can be described as the direct increase of CLV through offering the customer additional interaction opportunities that lead to the increase of the overall customer’s revenue and profitability (Blattberg, Getz, & Thomas, 2001). Add-on selling is not related just to the cross selling, but it is more focused on the long-term management and shift in the bi-directional relation, through which the company consolidates the ties between the firm and customer. The add-on products or services that the company offers to the customer must fit into the overall relationship with the customer and should be the answer to the direct customer wants and needs. Add-on selling is as well the way, how to retain the unprofitable customers through offering them additional products in order to higher up the overall revenue and subsequently the customer CLV index.

Customer advocacy value

Customer advocacy value is mentioned in many theoretical studies, but there is still not any research model how to quantify the impact of this element on the CLV. It is certain that customer advocacy (in many sources called word-of-mouth) has a growing importance on the overall business thanks to the growing strength of social networks, which enable sharing of the experience with the product or service.

Companies already seek the opinion leaders, influencers, decision makers etc. through which they try to influence the customers. Nowadays, the social networks make influencer from each customer in an incredible short period of time with the enormous response. Positive advocacy can bring more customers than any other acquisition campaign with minimum direct costs. Nevertheless, the negative word-of-mouth can do more damage than never before. All above-mentioned statements show that customer advocacy should be taken seriously. The first step should definitely be to focus on customer satisfaction through which the positive advocacy starts.

Conclusion and future research implications

The current massive growth of modern information technologies and strength of social networks leads to an increase of each customer’simportance. The customer, who was previously perceived as one of many, is now taken as a unique entity that requires specific and separate treatment. Each customer and each relationship has its own value described by Customer Lifetime Value model. Company has to keep in mind the importance of the value of the customers and properly manage the relationship in order to get the maximum from it.

The aim of this paper was to present the basic elements and hypothesis of Customer Lifetime Value model together with its main positive outputs for todays marketing management and overall business strategies. It is still necessary to keep in mind the basic mission of the CLV model that manifests the need to understand the real needs and wants of each separate customer in order to build a profitable long-term relationship. Customer Lifetime Value approach is not anything new – it brings the marketing focus back to the roots e.g. back to the customer.

There is clear evidence that today's companies are already on some level focused on the customer and his contribution to the overall profitability of the firm. But with no doubt, there will major differences between the depth and time horizon of this focus. To be able to create a theoretical model of CLV approach application, there is a need to understand the different levels of customer orientation and understanding. This future research should describe particular differences in customer orientation in respect to the time horizon, internal management system, available information systems and their interconnection, accounting methods etc. through different business sectors and company sizes.Moreover, there is an evident need for creation of the theoretical model calculating the real impact of the Customer Advocacy Value on the overall Customer Lifetime Value. The basic question that should be answered is whether to count the Advocacy Value to the post Acquisition Value of future customers or as a part of the respective Customer Lifetime Value. The research should be done both on company as well as on an individual customer level to be able to fully understand the consequences between company's relationship management efforts and elements that influence the customer's positive advocacy.

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Marketing management concept opens up possibilities for partnership profit and non – profit sector[50]

Viera Čihovská[51]

Abstract

The contribution examines and analyses new and modern approaches of a marketing concept for the effective cooperation between profit and non-profit sectors, which help carry out socially desirable activities and encourage socially responsible behaviour of companies. Modern methods of the present marketing, presented in the article, enable great potential for the enforcement of socially desirable behaviour of companies and addressing of consumers, who care about better living conditions and certainties of the civilisation.

Key words

Marketing, marketing management, profit and non-profit sector, partnership relations cause marketing, social marketing

JEL Classification: M31, M38

Introduction

Marketing is nowadays not only the key philosophy and concept of management in companies which want to remain and expand on domestic or foreign markets, but also a part of the philosophy of life of people of the third century. Marketing as scientific discipline emphasizing information, strategic and operational interconnection of a company with its environment, and founded on respect for consumers, provides knowledge on how to generate, facilitate and carry out market transactions.

The fundamental marketing philosophy, from which marketing concept and particular marketing strategy of each organisation are derived, is based on an effort to find ways of the best possible satisfaction of target market needs. It thus concerns company and market activities related to consumable goods, goods for processing, services, activities of non-profit organisations, as well as the satisfaction of different needs of people by goods and services. Modern marketing is also looking for efficient tools of effective cooperation between profit and non-profit sectors, which help carry out socially desirable activities and encourage socially responsible behaviour of companies.

1 Methodology

The issue of marketing nowadays represents the key managerial philosophy and concept upon company´s succeeding on a market. New methods and approaches to facilitate exchange and keep customers in the market competitive environment are still being looked for. Our paper draws from numerous foreign authorities, which, besides profit motifs, also accent the social dimension of business. They include

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e.g. R. A. Andreasen, M.Ángeles Gil Estallo and D. P. Baron. We further deal with the works of the nestor and creator of modern marketing P. Kotler and his co-workers G. Armstrong and K. Kelle , who nowadays also orientate on the issues of socially responsible behaviour, help and cooperation between profit and non-profit sectors in their extensive works on marketing approaches, particularly focused on the profit sector. Also authors Cihovská. Lipianska, Hanuláková have been dealing with the issues of marketing of non-profit organisations in their scientific and educational activities in the long term. The paper also analyses and synthesises new marketing methods and techniques, which are implemented by non-profit organisations in the cooperation with profit organisations for the purpose of getting support for their meritorious activities. The goal of the chapter is to present new and modern forms of marketing concept for non-profit sector, which enable the effective cooperation between profit and non-profit organisations upon carrying out their activities, in which all involved parties (profit as well as non-profit organisations) achieve their goals.

2 The Results and Discussion

2.1 Non profit sector and marketing

For a long period, from its beginnings to almost the 1980s, marketing was considered to be effective philosophy and concept of profit sector management. Works of P. Kotler and S. Levy shift its boundaries behind tangible products and services towards further activities. Over the last years, marketing activities have also been more and more successfully enforced in organisations, which do not generate profit, e.g. cultural and educational institutions, political parties or charitable organisations. A reason for the creation and implementation of specific marketing methods and techniques for non-profit organisations is the pressure on gaining and more effective utilisation of public resources, which they need for their activities, as well as increasing competition among the third sector organisations. Eventually, marketing implementation in non-profit organisations helps fulfil their mission and achieve their objectives more efficiently.

Marketing, as an efficient concept of the management of work with markets, offers the non-profit sector as well as business organisations a complex set of instruments, which helps them on their way towards gaining and maintaining customer loyalty and gaining resources for their activities. Non-profit organisations need to raise funds in order to support their activities. Marketing tools and techniques can offer a sponsor many opportunities, thus providing greater opportunities to fulfil the mission of the given organisation.

Marketing of non-profit organisations particularly needs to focus on the creation, maintenance or change of approaches and behaviour of target audience towards an organisation. The target market in non-profit sector focuses on different social groups, whom a marketing manager needs to cooperate. They are suppliers, governments, officers, financial markets, wholesalers, retailers, research institutions, advertising agencies, sponsors, donors and the public.

Due to their specific position, non-profit organisations are made to look for new, more effective and more creative ways to influence their target customers, i.e. the final users of their products, as well as donors and sponsors, who support their noble activities. New and modern approaches, having potential to follow the effective cooperation among the third sector organisations with profit-oriented companies, and applying of which results in the achievement of the goals of all involved parties, include Cause-Related Marketing, CRM, and Fundraising.

2.2 Cause–Related Marketing

Cause–Related Marketing can be understood as mutually beneficial interconnection of profit and non-profit organisations, where the profit-oriented organisations provide the charitable organisations funding and publicity; and the non-profit organisations provide their partner companies the opportunity to increase sales and the support of non-business activities at the same time. The fundamental displays of the implementation of philanthropic marketing concept in practice nowadays include corporate philanthropy, sponsoring, and the support of different socially-oriented events or strategic partnerships between commercial and non-profit organisations. The key precondition is voluntary cooperation between profit and non-profit sectors, having a form of effective, respectively win/win marketing partnership. Many companies relate corporate social responsibility to marketing activities. Philanthropic marketing is considered to be a part of socially responsible marketing, and Drumwright and Murphy (In Marconi, 2006) define it as *"marketing efforts, having at least one non-economic goal related to social care, and using the resources of a company and/or its partners."* It also includes other activities like traditional and strategic philanthropy and voluntary basis. Philanthropic marketing, as a highly complex marketing tool, has potential to create unexpected associations in the mind of a customer. It can be comprehended as a connection of the fulfilment of profit goals of a company to the possibilities of collecting financial means for a non-profit organisation. Gavoni characterises philanthropic marketing as a relation of sponsoring activities to public relations, where the advertiser participates in the creation of a common programme with a non-profit organisation for the purpose of the enhancement of their own reputation. The advertiser commits to contribute in the given purpose financially or non-financially in the exchange for relating their company name to a charitable event within the common marketing communication with the given non-profit organisation. Its purpose is to motivate socially responsible consumers to purchase, thus supporting a meritorious purpose with a part of the purchase price.

Cause–Related Marketing and carrying out of the related activities generate great potential for both involved partners. Non-profit organisations get means and support to carry out their meritorious activities as well as a necessary low-cost form of marketing communication. Partnership with the non-profit sector brings commercial organisations benefits in the form of positive image in the eyes of customers, the ability to increase the value of products or services on the market, and to enforce a cheaper and more efficient form of communication with the target segment.

Philanthropic marketing can be implemented in different ways: e.g. Nike company gives each Indian who undergoes diabetes blood tests a pair of sneakers; the British Airways collect remaining local money, left after a stay in the given country, from passengers on board and provide them to UNICEF; Tesco in Great Britain gives customers a coupon for each purchase of £ 10 value, which they can give to a school based on their own decision. Schools later exchange the coupons for computers. Companies can make up their own charitable programme, or they can join an existing one. It thus represents a sort of sponsorship related to the public, where a profit subject carries out a common programme with a non-profit organisation for the purpose of the enhancement of their own reputation.

Successful philanthropic marketing results in a number of advantages for both, profit and non-profit partners. They include better quality social care, setting up of a differentiated position for a brand, establishment of strong bonds with customers, enhancement of corporate image in public, support of internal ethics and encouragement of employees, growth in sales. Customers can establish a strong and exceptional bond to a company, exceeding common market transactions, by means of "humanisation" of the given company.

Negative impact is achieved, if the communication efforts of philanthropic marketing have a counter-effect, e.g. sceptic customers can doubt the interconnection between a product and charity, and perceive the company as calculating. They are partially true, as the Cause-Related Marketing activities are always done for mercenary reasons (contrary to corporate philanthropy). Non-profit organisations help involved companies promote their products or services (e.g. by means of providing their name and logo), while their own activities are thus also promoted and the awareness of issues the non-profit organisation deals with increases. Moreover, they receive a certain financial remuneration, e.g. in the form of a share from the sales of promoted products.

Commercial relations based on sponsoring are also one of the forms how companies cooperate with non-profit organisations. However, in case of sponsoring, sponsor does not renounce an adequate material counter-value, while it is also contracted in writing. From the sponsor´s viewpoint, sponsoring represents one of its communication.

2.3 Fundraising

Many third sector organisations are nowadays looking for a balance between maximum focus on the fulfilment of their mission, and efforts to gain a sufficient amount of means for their operation. Modern marketing ranks fundraising among successful methods of gaining financial and other resources for the activities of non-profit organisations. It results in gaining necessary financial means, material, or (non-)property resources or help, e.g. handouts, know-how as well as experience in organisational management, etc.

The term "fundraising" originated in the USA. It comprises two words – *fund* (money, capital) and *to raise* (gain, collect). It thus practically means the acquisition, gaining or development of funds or financial resources. Fundraising is defined in professional literature as an expert, targeted, organisationally and timely arranged activity focused on searching for donors and sponsors in order to gain financial means, predominantly those not regularly received by organisations, and based on clear rules . According to Hainbach, the practical viewpoint is expressed by Kosztolány´s definition, characterising fundraising as a long-term process following marketing principles (Haibach, 2006). It does not only concern gaining financial means from grants, donations or other financial contributions, but it particularly concerns careful preparation for the process of gaining financial means itself. It also includes gaining friends for the given organisation, i.e. people trusting its mission and willing to participate in its activities.

Andreas and Kotler consider fundraising to be one of the most important applications of marketing principles in non-profit sector, as well as one of the most complex ones due to increasing competitiveness. They suggest that non-profit organisations go through three levels (regarding marketing orientation) of their views on how to gain resources effectively:

- Product orientation – organisations suppose that people will support them because they fulfil a useful mission (this reasoning is adopted by schools or charitable organisations).
- Orientation on sales – organisations realise that they are surrounded by many people. It is enough to find them and convince them to contribute.
- Orientation on customers – in this case, needs and wishes of donors prevail over the needs of organisations. Organisations need to come up with a way how to satisfy their needs, as only satisfied donors are willing to support a non-profit organisation.

Defining the term fundraising, Urselmann (2007) also notices those who provide the necessary means to non-profit organisations (donors, contributors). Fundraising is then defined from this viewpoint as systematic analysing, planning, carrying out and monitoring of all activities of a non-profit organisation, aiming at gaining necessary resources (financial, material, services) for the given organisation by means of thorough focus on the needs of donors, without having to provide adequate material counter-value (service). Donors, as comprehended by Urselmann, can be private persons as well as companies, foundations or state. They do not request any material counter-value for providing their means. In most cases, however, they expect non-material forms of service in return. We can say that donors do not only act gratuitously, but they also follow their own interests and needs, on which fundraising needs to focus.

Urselmann´s argument regarding the existence of mercenary reasons for donations is also supported by Kotler and Andreasen. They suggest that donations should be comprehended as transactions, not as gifts. Within these transactions, non-profit organisations offer donors significant benefits, which they wish and pay for them by their donations. The key motifs significant for individual donations are further defined. These include e.g. the need of self-esteem, or recognition by others, giving seen as a habit, an escape from annoying requesters for donations, humane purposes, and efforts to avoid future problems dealt with by individual non-profit organisations (e.g. illnesses), etc.

The particular forms of services provided by non-profit organisations to their donors in return for their donations are particularly dependent on their target groups. Besides already mentioned recognition and acknowledgement, they can also include elimination of the feeling of guilt, positive image building, provision of a certain experience, or tax base reduction.

In relation to the building of relationships within the fundraising process, foreign literature introduces terms "relationship marketing" and "relationship fundraising". (Urselmann, 2007).

Relationship fundraising can be comprehended as the application of relationship marketing in the fundraising processes. The attention is not drawn to fast gaining of resources, but to the building of long-term and to the greatest possible extent individual relationship between a non-profit organisation and its contributors, while the key assumption is that a person who has already carried out a transaction with a certain profit organisation should be able to encourage donors to continue in their personal engagement and in regular contributions and donations. Non-profit organisations should thus try to increase the intensity of relationships with their donors. In spite of the fact that this personal approach is quite costly for non-profit organisations in the short-term, it ensures very effective costs exertion in the long-term horizon.

Conclusion

More and more companies realise the usefulness of so called "social entrepreneurship", a partnership based on the interconnection of profit and non-profit sectors, and on the initiation of long-term partnerships of business entities and non-profit organisations upon carrying out socially desirable activities. The incorporation of socially focused activities into the key marketing strategies of companies, and the development of strong and active relationships with the third sector subjects helpprofit organisations increase brand value, carry out innovative programmes as well as optimise profit on the one hand, and enable non-profit organisations to gain means for their meritorious activities on the other one. Modern methods of the present marketing, presented in the article, enable great potential for the enforcement of socially desirable behaviour of companies and addressing of consumers, who care about better living conditions and certainties of the civilisation.

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Marketing oriented on the seniors[52]

Monika Matušovičová[53]

Abstract

Population aging has become the most important phenomenon of demographic change in the world. Seniors have in marketing, product andc ommunication strategies increasingly important role. For many companies they have gradually become the most important group of customers of coming decade. Many companies have already identified this trend coupled with demographic shifts and adapt their marketing and product designs to meet the requirements of older consumers.

Key words

Demographic trends, senior, senior marketing, factors of success, differentiated marketing concepts

JEL Classification: M31

Introduction

The most significant demographic trend in Europe and other developed countries is the change in age structure of the population and aging of the population. Whole Europe is aging at rapidest rate in the entire world. The situation is even more serious because the aging process will in the coming decades accelerate. While currently on 1 inhabitant aged 65 devolved two residents under the age of 17 years, in 2050 this ratio will be reversed. The pace of aging according to demographic forecasts will rise sharply in Slovakia in 2015 and will not stop at least for 20 years. At that time, Slovakia is set to be one of the fastest aging countries in the European Union. In 2060, Slovakia will be according to Eurostat[54] estimates fourth oldest country of the original twenty-seven countries. For every three workers will devolve two retirees. Nowadays five people work for one retiree.

Shift of this ratio will significantly influence the change of the definition of pensions, as well as public health insurance and social welfare. Within the company will be needed to solve the direct impact of these demographic changes in the areas of social services, health care system, infrastructure and labor market. Especially the social field will require strengthening of public finances and financial systems, taking into account the loss of manpower, ensuring adequate and sustainable pensions and financial viability of the health system.

Through significant changes will go also supply side of the economy, which will copy preferences of seniors, because they will become interesting group of consumers. The group, these people form, has huge potential in the direction of further education, purchasing behavior, active lifestyle and leisure. Older consumers are starting already to be an interesting target group for marketers, retailers and service providers.

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[54]Availableon the Internet: < http://www.epp.eurostat.ec.europa.eu>

1 Methodology

Seniors form in marketing, product and communication strategies increasingly important role. In this context the contribution elaborates on the issues of marketing oriented on generation 55 plus, which consumer behavior will decide the future of many companies.

The aim of this paper is to point out on the inconsistency and diversity of the concept of senior and simultaneously analyze marketing activities oriented on segment of seniors.

In the article are used classical scientific methods such as analysis, synthesis, comparison, deduction, abstraction and concretisation. Priority was given to the analysis and comparison of different theoretical approaches to the problematic of senior marketing and subsequent synthesis of studied phenomena and relations between them.

2 Findings

2.1 Perception of the concept of senior

In the context of the aging process is necessary to define the concept of senior. Senior concept comes from Latin and refers to the older or oldest member of the company or team. Generally it is used to refer to the "old" or "mature" human that lives in the society often associated with negative associations, such as "nerveless" or "sick".

Because the current seniors are in good physical and mental condition people have begun to denote the older generation with new, more positive terms such as "50 plus" or "Best Ager" (Nufer - Oexle, 2010). Number of terms used to name the older or oldest members of the society causes the problem of accurate characteristic of this group.

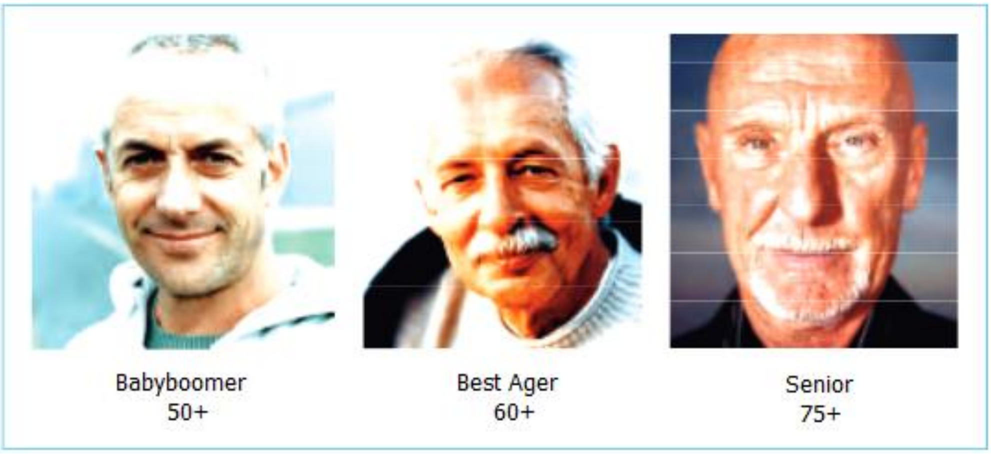
The senior concept is inconsistent also with age limit for oldness. Due to the fact that many individuals enter new orientation phase as early as the 50th year of life are seniors considered by many authors for person over 50 years. Others, on the other hand are adding another ten years.

While in Slovakia, on average, people are considered being "old" at age 58 years, Europeans believe that the "old" begins just before the age of 64 years (Statistical Office of the Slovak Republic, 2012). Movement of the limit to lower age may indirectly relate to much more negative perceptions of people over 55 years in Slovakia than in the EU. Seniors in Slovakia are also much more passive than in neighboring countries.

Getting older, health problems and social isolation are major causes of gradual resignation and loss of life optimism (Kopaničová - Klepochová, 2012).

From a marketing point of view the post-war generation or group of seniors includes a very diverse group of people. G. Bovensiepen and M. Schögel distinguish three generational groups of seniors, which are shown in Figure 1.

Figure 1 Three generational groups of seniors



Source: Bovensiepen, G. – Schögel, M. *Generation 55+. Chancen für Handel und Konsumgüterindustrie.* Düsseldorf/St. Gallen. Retrieved from http://www. imh.unisg.ch.

Babyboomer: target group aged 50 years and over. They are still employed, have a high income and are often at the peak of theirs careers. Due to the good earnings are they able to live an active life.

Best Ager: target group aged 60 years and over. They belong to a rather conservative target audience. They are taking innovations mostly sceptically. Many are already retired, financially secure, they are active and take care of their health.

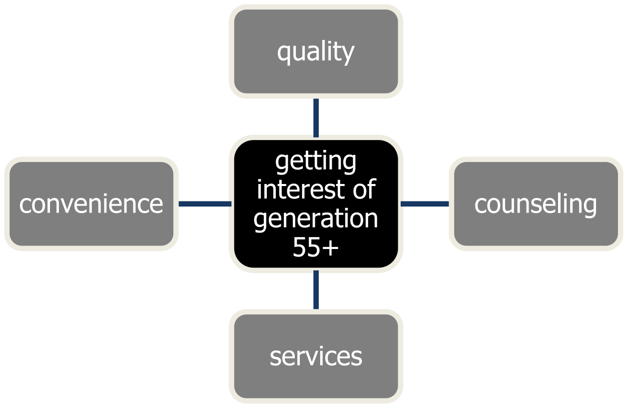
Senior: target group over 75 years. They belong to the group of traditional and conservative consumers. Their income is very limited. They live modestly and are annoyed by many health problems.

2.2 Marketing activities focused on the segment of the seniors

In recent years are we witnessing a growing interest from the professional community and marketing management aimed at the segment of seniors. In professional literature is this interest presented as *senior marketing*, which means psychical and at needs of seniors oriented marketing (Grosskopf, 1998).

For successful reach of this target group is important that producers and traders will focus primarily on factors such as quality, convenience, counseling and services (Bovensiepen - Schögel, 2006).

Figure 2 Factors affecting the success of the company in the market of seniors



Source: own processing according to Bovensiepen, G. – Schögel, M. 2006. „*Generation 55+*"- *Chancen für Handel und Konsumgüterindustrie.* Düsseldorf/St. Gallen, p. 21. Retrieved from http://www. imh.unisg.ch.

Most seniors today seek discounted products and they buy everyday goods especially where prices are lowest. Product *quality* has but in many cases bigger importance for seniors than price. These arguments are for example supported by the results of the study „Generation 45-Plus" from the Nielsen company (ACNielsen, 2004).

When the older consumers are shopping they show factual and rational behavior. It is manifested in the fact that they place emphasis on clear and tangible benefits of the products and also concentrate on high quality and reasonable price of the products at the same time. They opt for effective and meaningful investments. For consumer products with a long life span they do not preclude longer repayment of the product. Seniors are willing to pay higher prices also for products of national brands, which are to them a guarantee of quality.

Convenience is meant in marketing of seniors as easy and comfortable handling of the products as well as simple and time-undemanding operation of device. Simplicity is for success of product in segment of seniors the decisive factor. Complexity causes fear and discomfort for the senior consumer. In general, products for the seniors should be simple, easy to use and should be also easy to maintain. Too many mostly unimportant features only overwhelm and confuse seniors. Therefore the range of functions should be less focused on technical elements and more focused on the practical requirements of seniors.

Older customers can we influence and inspire also by the *services*. They appreciate when they are not immediately after payment left behind and seller already addresses another customer. In some countries, for example, are already providing services aimed at helping seniors with the purchase or loading the goods in the car.

Particular importance for the elderly is also *counseling*. They like to get advices from sales staff and also appreciate individual service. In no other target group is the buying decision so much dependent on the quality of the advice as in the segment of seniors. From staff are expecting except expertise also courtesy and attention (Lesáková, 2013).

From an economic point of view is it important especially senior's interest in all kinds of products and services that provide them compensation of problems associated with age such as eyeglasses, hearing aids, devices facilitating the maintenance of household, services for the delivery and importation of goods. Driving force is mainly *market oriented on health of people*. The market for human health is nowadays already affecting many fields of business. This includes rehabilitation and fitness centers, doctors, hospitals, pharmaceuticals, chemists, daycare centers and therapists. For the mega market for the future can we called also *health tourism*.

Products against premature skin *aging* and aging globally are now billion-dollar markets in the region called the better-aging. In skin care is it women aged over 50 years who compared with the previous 10 years more frequently use skin treatments. Together with women aged 40-49 years are senior's women in the consumption of skin care products most interesting target group (Reidl, 2012).

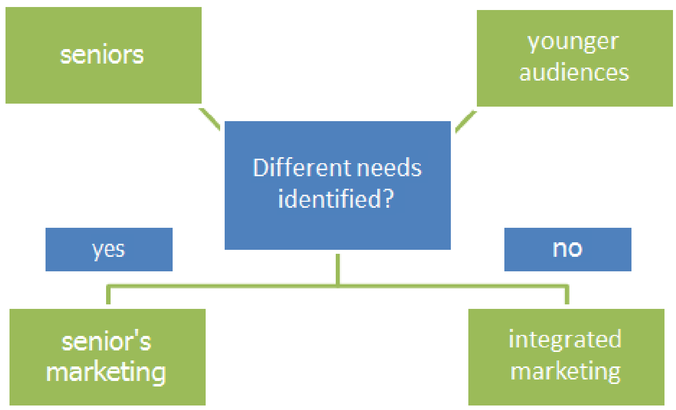
Apparently the most common product that seniors buy is *the groceries*. To seniors should be therefore adapted also products. Due to weaker eyesight is appropriate to use large font and due to frequent illnesses clear and legible nutritional composition.

Seniors are also interesting target group for *financial institutions* (different types of insurance) and *mobile operators*. They offer for the older generation easy to use mobile devices, which can be used also by people with disabilities, such as hearing or sight issues.

The marketing literature is contradictory discussing nowadays whether to offer products exclusively for the older generation and the seniors. Meaningful appears to offer special products and services for the elderly only when the target group 55+ has specific requirements and needs. In practice, therefore, manufacturers are producing more products with universal design. These products thanks to their flexible, easy to use and extensive area of application compile with the requirements of all ages.

The communication policy oriented on target group 55+ distinguishes two basic approaches. *Integrated marketing* (marketing that appeals to all ages in the same manner) and *marketing of seniors*.

Figure 3 Marketing strategiesaimed atsegment of seniors



Source: Nufer, G. – Oexle, S. (2010). Marketing für Best ager. In: *Reutlinger Diskussionsbeiträge zu Marketing&Management,* Nr. 2010-1, ESB Business School Reutlingen, p. 12

Senior marketing strategy is used when has been identified clear and distinct differences between the requirements and needs of the elderly compared to younger target groups. Then companies offer products and services specifically designed for seniors who are for this segment also separately communicated. In communication it is important to reach the target without mentioning age, it is necessary to emphasize the use of the product and the vitality of the target group.

Unless there has not been identified different needs compared to other target groups is it advisable to use integrated marketing strategy. In that case the company offers a mass product with universal design and universal form of communication for all ages. The advantage of this approach is that it maximizes the potential group of customers and allows achieving lower costs.

The people in the best years are consumer's professionals. Their life experiences rank them among the experienced customers, their consumer experience to critical customers who want to be accurately informed. Older customers are different than the young. They want simple offer and informative advertising. In the advertising they look for authenticity and appreciative advice and information function that advertising offers in the world of production news. The art of good advertising for seniors is mainly in its ability to deliver information in accordance with the emotions without overwhelming potential customers with unnecessary complexity.

Conclusion

According to economists in the coming years will change the consumer behavior in Europe. In particular people will buy the products and services that have an impact on improving the quality of life (Oreský, 2011). People will buy other products and services than which they are currently accustomed to. The structure of consumption will gradually move from the consumption of products such as clothing, footwear, requirements for children and youth, furniture on the products like consumption of drugs, vitamins and medical devices, as well as horticultural products for seniors. Areas such as housing, tourism, financial services, education, nutrition and wellness centers are areas that can benefit from this demographic change.

When the older consumers are shopping they show factual and rational behavior. It is manifested in the fact that they place emphasis on clear and tangible benefits of the products and also concentrate on high quality and reasonable price of the products at the same time. They opt for effective and meaningful investments. For consumer products with a long life span they do not preclude longer repayment of the product. Seniors are willing to pay higher prices also for products of national brands, which are to them a guarantee of quality.

For successful reach of this target group is important that producers and traders will focus primarily on factors such as quality, convenience, counseling and services. To successfully reach this target group is important that producers and traders focused primarily on factors such as quality, convenience (convenience), and consulting services. Many companies have already experienced this trend coupled with demographic shifts and adjust their marketing strategies to the requirements generation 55 plus.

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The Projectics – the Innovation Didactic Method for Marketing Study on the Vocational Schools and Universities

Filo, P.[55] – Chomová, K.[56] – Orgonáš, J.[57] – Paholková, B.[58]

Abstract

The aim of this article is to stress on application possibilities of the progressive teaching forms at high schools and universities. Next to classical, verified and certified ways of teaching, it is possible to use in the pedagogical process attractive, innovative way in the form of project teaching. For the first time we are using the title "projectics", which integrates the project form of teaching as a didactical method of teaching of vocational courses at the high schools and universities. In experimental environment of Faculty of Commerce we utilize the projectics in vocational course of marketing and its applications for an interdisciplinary environment - HiTech innovations, online marketing, logistics, market research, start-up support, ecology, grocery sector and public health. We engage the implementation method of this innovation in secondary school and university environment on the principles of guerilla marketing, as well.

The key words

projectics, project model, project teaching, project based learning, project management

JEL Classification: M31

Introduction

The progressive economy transformation, transformation of the society, of the education requires the understanding of point of power potentiality. On knowledge, skills, motivation and people enthusiasm to realize the working activity depends on the success of every organization. The intellectual capital with constantly growing value, based on the ability to establish the changes and to appreciate the possibilities, is the crucial factor, which affects the chances of the company to come in useful on the market.

The entrepreneur practices more and more calls for quality of high schools and university schooling. Not only in vocational skills and technical scientific, but in social sciences and so called *soft skills*, too. The society needs to define the focusing of schooling and requires finding of suitable means to increase the competitiveness of particular institutions, it means of high vocational schools and universities. The system of vocational education has to offer the students the possibility to master the basic key skills to become on the labour market the flexible labour force, being able to adapt the claims of knowledge economy, constantly to work with new information, to produce the pieces of knowledge and to use them not only theoretically, but in the practice, as well (Merkúr, 2007) and to manage the market demands flexibly, to be the team players with full engaging to solve the actual economic problems of business practice. The crucial issue seems to be the systematical education of the students with orientation on practice, based on closed cooperation with the corporate sector (Vasiľová et al., 2013).

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In the development of pedagogy and education conception for next 15 - 20 years we may read, that the main aim of schooling reform in Slovak republic is to transform the traditional encyclopedic - memorizing and directive - nonliving schooling to creative human pedagogy and education and informational - value schooling with accent on the activity and personality freedom, its power to create its progressive and creative way of being for life in new millennium. As key competitions are considered: communication skills, personal and interpersonal power, the capability to solve the problems productively and critically, to work with modern information technologies, to form the civil society.

The pedagogical - educational process doesn´t represent just only the creation of new knowledge and skills of the students. The new requirements are the demand of reality, globality, sociability, finality, criticalness, rationales and effectiveness. Linked to new demands, the teacher faces the question how to achieve these new requirements. Do exist the effective tools how easily and quickly to modernize, rationalize and optimize the lessons? We think, that one of such strong tools, which enables the cognivization, emonitionalization, motivation, socialization, axiologization and creativization of the personality, is the project teaching (Petrašková, 2007).

The aim of this article is to treat and propose *the projectics* as a didactical method for teaching of common vocational subjects focusing on marketing, communication, entrepreneurship, on other vocational subjects, too, on the high schools and universities. Not as subject of the teaching (project management), but as a way to support the development of creative, organizational and entrepreneur student skills during their activity in the educational processes. Parallelly we evaluate the varied marketing tools, used by projectics implementation, as a new method for the pedagogues on high schools and universities, as well as for the students of these educational systems.

1 Starting point for development and application of innovative didactical method

In the high schools the teaching is implemented by classic form using the system of various didactic methods from more points of view - by information source, by activities and alone standing activities, logical character, by tuitional hour (Višňovský–Kačáni, 2002). The part of the pedagogy and education of the high school students are also the excursion, various courses, the school in the nature and practical teaching. According to our research is more and more promoted the teaching form, in various subjects, using the basic elements of the projects.

The usual form of direct teaching at universities are lecture, seminar or practical lesson; at the technical and at natural scientist universities the labor lessons, as well (Šlosár, 2012). In the year 1993 - 2013 the concept of the project domesticized very quickly in the business and in the public sector. The need of the preparation and realization of the projects were given by various grant schemes and European funds, which required the precise project preparation and the quality projects managers. Immediately after new programme periods opening had been begun with the trainings and courses for quick acquiring of the basic elements for the project management.

In next period the projection, the project creation and their application in the practice became an important sociable tool how to apply the idea or the vision into life. The projection and the project management is already standard practice at entrepreneur and societal level helping to prepare the technological and product innovation, new products, entrepreneur strategies, communication campaigns, the projects for regions, ecological, social, security projects and others.

The projection walked stepwise into education. It´s a very good tool for supporting the student purposefulness, the creative activities with the potential for manager practices. By Rights application, it is capable of searching and offering the solutions of existing needs or to generate the new needs, although for the right and a common application will be a longer time needed, for breaking through the prejudices and to install the progressive educational methods, but especially to come to an agreement on right sequences of the application and to work up the suitable forms of students evaluation in the framework of the project teaching.

Even if the project management methods were be initially setting up into educational curriculum as alone standing subject (compare to credential facultative high school courses as Project management and the Institute of entrepreneur thinking - the creation of the projects), today we may see the need of project methodology using as a didactic method for achieving, that the students in various vocational subjects could work at problem solving (technical oriented schools), could prepare the changes (the socially oriented schools) or could look for the ways hot to apprise the opportunities /economical oriented schools).

1.1 The projectics development (new product)

The projectics development is a result of more activities at Faculty of Commerce in the years 2005 - 2013, they were the part of two national ESF (European Social Fund), two international projects [59] and one internal grant for the juniors at University of Economics in Bratislava.

Initially we generated this method as a stand-alone subject for high vocational schools, with aim to create the regional centers for project management. The heavy progress of euro funds claimed anyway the vocational capabilities for the right project preparation, what we recognized in pedagogical staff of the high schools. At the same time we assumed , that this agenda creates a large space for the graduates absorption from high schools for managing the authorized projects , especially in public sector–region self -government, cities, villages, school system, NGO´s. The teachers, schools and students were the ground for creation of potential regional net of project management. The projectics development was in motion according to IMPA and PMA standards with the modifications for the needs of Slovak regional forwarding, showed in new project typology (Filo – Lipianska , 2005). In two academies of commerce (High schools in Rožňava and Dolný Kubín), were running the trainings of the teachers followed by experimental teaching. The method won very quickly the positive response and finally became as a credential teaching subject in whole Slovakia, as an option subject The Basis of the Business Thinking - the project creation.[60]

Figure 1 The response to methods of projects management - 2 high schools in 2005 - 2006

The school with experimental teaching	**Number of trained teacher in PM**		**Number of attended students PM**	
	Plan	**Reality**	**Plan**	**Reality**
Obchodná akadémia Rožňava	6 – 8	15	20 - 30	93
Obchodná akadémia D. Kubín	6 - 8	14	20 - 30	78

Source: processed by authors

The conclusions of both projects were presented at the Conference of German company for project management GPM in Munich in 2007.

Thanks this presentation was created the international partnership with ITB University Bremen, later generated into projects PIA [61] and PIA 2. The goal of both projects was to compile an international European methodological standard for project teaching at high schools in whole European Union. In the project PIA were in 2001 - 2013 active together 12 partners from 6 European countries – Germany , Switzerland , Poland, Turkey, Czech republic and Slovakia.

[59] Project PIA in the programme Leonardo da Vinci – coordination ITB University Bremen, Germany and Project: Crossboarding HiTech center in the Programme of crossborder cooperation Slovakia-Austria 2007-2013, code N00092.

[60] The basis of the enterprenuer thinking – the project creation, optional subject for High Schools with the accreditation of the Ministry of Education, Research, Science and Sport, from December, 12th, 2006, Nr. CD 2006 17728/4 1652-1:093, valid from September, 1 st., 2007

[61] see www.pia-project.eu

Parallelly with this project PIA at Faculty of Commerce in Bratislava we realized the project CHC - Crossboarding HiTech Center (2010 - 2013)[62], the aim of it was to create the system for interdisciplinary cooperation in research and marketing education as the framework in marketing technology, material and product innovation. The partners were two universities of economics and technical orientation from Bratislava and Vienna (Austria).

The project CHC moved us to begin to use the project management method as a didactical method for teaching of vocational subjects in study programme Business in Commerce and Tourism on 1. level and in the study programme Marketing Management on 2. level. The sense of this application and de facto also the origin of projectics is to lead the students of Faculty of Commerce in the vocational subjects to solve the problems and to lead them to enterprise evaluation of innovative opportunities in interdisciplinary cooperation with the research team of Slovak Technical University in Bratislava.

1.2 Implementation and dissemination

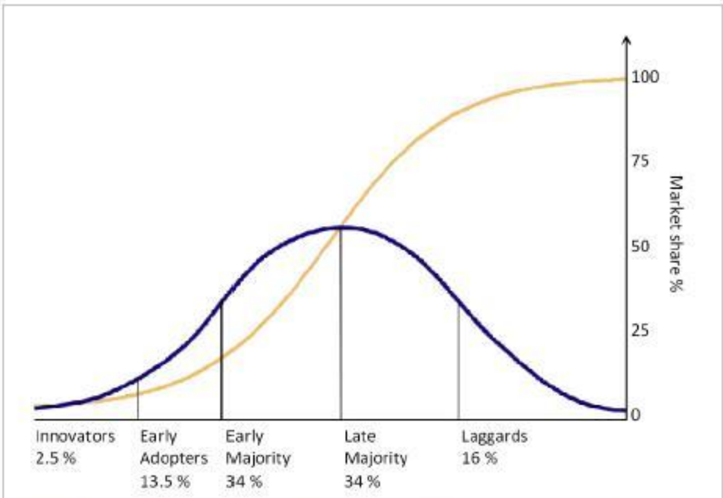
Every new product (innovation) is exposed to various hurdles and challenges during placing on the market. In the case of projectics placing into the system of secondary and university education, it is necessary to apply different marketing communication strategies and practices that are not fundamentally different from the normal procedures for innovative products, technological or consumption´s character in the market B2B or B2C). To achieve a successful and low-cost implementation we use the MLCS - Multi Level Communication Strategy (Filo 2010), or different communication strategies targeted on various concerned groups (stakeholders). Therefore in the case of education, it is necessary to involve:

- teachers and management of secondary school respectively faculties of universities,
- students from secondary schools and universities,
- professional public,
- officials (representatives) of the Ministry of Education, Science, Research and Sport ofthe Slovak Republic.

Paraphrasing the Oslo Manual (OECD, 2005) we may conclude that the integration of a project teaching into a teaching process is a technological product innovation, while the rate of innovation is subjectively assessed by the consumers (in this case by the students) and subsequently verified by the practice. The innovation of this process requires the adoption of new, significantly improved methods. They may be changes in the equipment (technical support of teaching), human resources (teachers' readiness to work with progressive methods), working methods (i.e. the practical applicability of this method of teaching) or a combination of all.

[62]see www.hitechcenturm.eu

Picture 1 Diffusion curve according to Rogers



The diffusion of innovations according to Rogers. With successive groups of consumers adopting the new technology (shown in blue), its market share (yellow) will eventually reach the saturation level. In mathematics the S curve is known as the logistic function.

Source: Rogers Everett, 2003. Diffusion of Innovations

If we would accept the Rogers model as a paradigm, then it´s exceptionally important to give effect to the progressive diffusion of the innovative model for practice, with the goal to rich the peak of the curve so far as possible. However we must not forget that this is a so-called JAM63 innovation, which means it is an open innovation (Vasiľová, 2012), ergo the created platform is not and cannot be definitive. It has to flexibly adapt to the needs of the evolving economic theory of knowledge, but in particular to the requirements of practice. Each work contains on one hand on routine tasks, but on the other hand also on products, services, institutions and work processes that must be constantly (further) developed. Significant developments and particularly innovations are generally organized through projects. Factors such as stability, change, respectively routine as well as project work, are two sides of the same coin, while today´s demands shift more often towards project work. In some sectors, projects are already a daily practice and without project management many businesses and institutions would not even be able to survive. In the meantime, many large and medium-sized enterprises reach half of their turnover thanks to projects (UPM, 2011). Why should not be therefore project, project teaching and project management a point of interest for schools and their application in the education process?

For the implementation of projectics we tried various low cost methods, partly based on the principles of guerilla marketing:

- official information channels of the Ministry of Education in Slovakia – journals and web sites,
- direct mailing to secondary schools,
- offers of training programs for teachers of secondary schools,
- public appearances at professional conferences and workshops,
- competition of student projects – schools create their own projects ,
- the club for project management has been established at the Faculty of Commerce,
- cooperation with the non-profit organization BPUG Slovakia (www.bpug.sk).

The communication and implementation method in the form of training workshops has proven to be best for secondary school teachers. Here the teachers were able to go through the basics of projectics, via teamwork on their own project topics. However, this method faces one major problem which can be

[63]From engl. slang. "jamming" - improvise

described as the insufficient knowledge about the utilization of projects in the education process of various other subjects and they also have to cope with a lack of support by the management of secondary schools. Only 12 schools (3,48%) out of the 345 contacted schools have shown interest in this application.

The competition of student projects has proven to be a more effective method – schools create their own projects. Out of the 345 secondary schools surveyed, 35 schools (10.11%) participated in the competition. During the assessment of the competition we reviewed the quality and extent of the use of projects in various technical subjects (a total of 8 subjects - Slovak, biology, chemistry, media education, history, practical training, marketing, tourism).

The experimental implementation of projectics at the University (Faculty of Commerce in Bratislava) was focused on students, in order to give them the possibility to work on interdisciplinary assignments from the business and social practice, primarily for the creation of business models for innovation in technology, ICT, materials , biotechnology, food, green solutions, logistics and so on. For this purpose, we developed a system called Talent Way, which is based on:

- the establishment and operation of interdisciplinary professional clubs (16 areas in total)
- the use of projectics as the main didactic methods,
- the creation of a new motivation system for students,
- the teamwork of students on direct assignments from business practice,
- the position of pedagogues at the Faculty of Commerce in the role of coaches,
- direct participation of representatives of business practice in the education process,
- the development of an assessment system of the skills of students,
- the use of the social network called www.talentway.sk for personal records of project activities,
- the innovation of the rules of the project, called students scientific special work (Slovak ŠVOČ project), in order to enable the participation of every student from the Faculty of Commerce.

The results of these processes have been presented in the publication *Innovative university education*.[64].

2 Structure of projectics

2.1 What is a project?

For the right application of projectics we need to clarify some basic concepts such as: project, structure of a project, project management, project team, project evaluation, and more.

Project - according to the DIN 69901 norm, a project can be understood as an intention, which is in its complexity marked unrepeatable conditions. This includes in particular the objectives, existing restrictions (among other time, personnel, financial restrictions) as a necessary project specific organization. Basically it comes down to the solution of complex problems in a team in a limited time, with limited resources (Gessler - Uhlig-Schoenian, 2011).

On the other hand, the author Mareš understands by the term of a project (project design) a decision-making process verified in practice with regards to specific organizational processes (Mareš, 1979) and selected targets.

In general, a project can be understood as a tool for change. In its general characteristics, it has its typical structure and an exactly defined completion date. Since projects satisfy the needs of private, natural persons as well as corporate entities, they have the substance of a product and they become the subject of commercial terms with the possibility to apply marketing tools, for example in the form of the 4S. (Filo, 2010).

[64]Vasiľová M. - Krnáčová P. - Drábik P., - Rehák R., Filo P. - Chomová K., 201. Inovatívne univerzitné vzdelávanie. Vydavateľstvo Ekonóm, Bratislava 2013, 179 s. ISBN: 978-80-225-3774-2

Projects can be seen in a dual form – as a *plan and a process*. These forms are interlinked and they can run in parallel. The project as a tool for change is intended either for the solution of problems or the increase of the available potential and opportunities.

The project in the shape of a *plan* is a text, table or drawing form of a draft, drawn up according to the structure, which is determined by the type of the project, its substance, content and objectives.

The project in the form of a *process* is an implementation phase of the plan, which is executed by the project team in a designated space and time, with the help of material, personal, financial, technological or organizational inputs to achieve the set objectives and specific outputs.

In consideration of the specifics in the plan preparation and in the process of implementation, we have suggested that the projects were divided according to *the substance of their content and their setting of goals, as follows* (Filo- Lipianska, 2005):

- *construction project* – their output is a construction,
- *technological projects* – their output is the installation of technology,
- *development projects* – their output is innovation (technology, materials, products, software, etc.),
- *organizational projects* – their output is the management of a process, the organization of events, etc.,

From a didactic point of view, we propose the segmentation according to the character of the recipient (the target or affected group) on:

- *didactic projects* – focused on the support of the teaching of various subjects,
- *business projects*– addressing the preparation of new products, including business plans, business models and business relationships,
- *development projects*– are focused on the needs and problem solving respectively the increase of the potential of regions (infrastructure, regional resources, environmental issues, citizen services, etc..),
- *social projects* – the aim is to solve various problems of groups of population, which are in poverty.

We consider this division as important, because school projects can be focused in this direction and it is also likely that the requirements from business practice, which will be addressed in the educational process in the form of project teaching, will be assigned to one group.

2.2 The project model

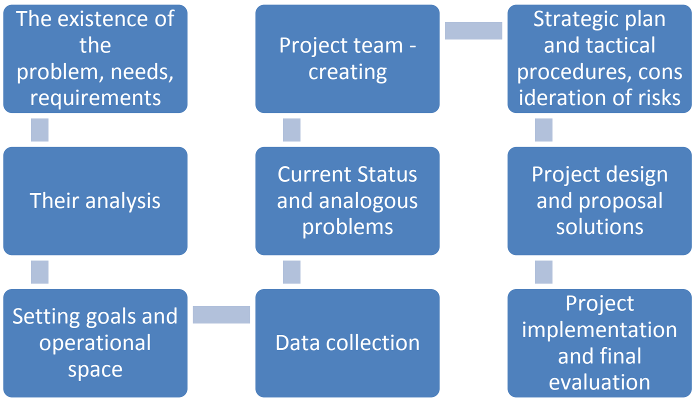
Firstly, we would like to point out that projectics can be applied to different subjects at the secondary schools and the universities. In practice, we have already met with the fact that teachers use projectics for example on the language teaching, natural history etc. (As any project), project model begins with the existence of some need, attempt to satisfy this need or solve the problem. At this stage, we can outline the various phases, which the model will pass.

Phases of the project model (Orgonáš, 2013):

1. The existence of the problem, needs, requirements.
2. The primary analyzes.
3. Definition of goal and scope.
4. Creating a project team.
5. Analysis of the current and analogous problems.
6. Collection of data.
7. Strategic plan and tactical procedures, careful consideration of the risks.
8. Creating a project and solution design, budget, schedule and milestones.
9. Solutions and project implementation.
10. Final evaluation.

It is obvious that the solution of the project task requires time, well selected team, resources, systematic planning and controlling[65]. The project model can be graphically displayed as follows:

Picture 2 The project model



Source: processed by authors

2.3 The project team

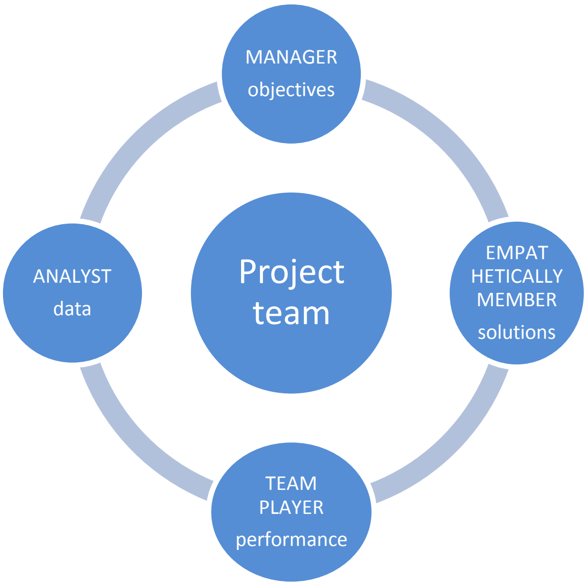
Team is a psychological group, whose members are interacting and have a sense of common identity and where everyone is trying to achieve a common goal. It's a group of people who are interdependent on the fulfillment of the project, their skills are complemented to each other, communicate with each other and work together to achieve project objectives. Teams can be controlled by someone, or drive yourself (Čihovská,V.- Matušovičová,M.-Hvizdová, E.,2012). Projects are usually managed by a team leader.

In the educational condition, we recommend working in a four-person team, which should be filled function according to the methodology META (UPM, 2011):

1. MANAGER is initiative and therefore sometimes acts dominantly. It cares for the progress in the team and is willing to take responsibility. It focuses on the outcome of a goal and hates sloppiness and idleness.
2. EMPHATICALLY MEMBER likes to watch others and develop new ideas, ready to go new ways. Can easily make unconventional designs and create solutions. He hates routine and long while. Therefore often acts on others a little uneasy. Is creative and collective care to diversity?
3. TEAM PLAYER likes to work together and ready to compromise. For him it is important team contentment, therefore rather avoid confrontations and discussion. It acts often restrained on the other, but can be self-sacrificing.
4. ANALYST is working properly and organized and expects that others will work consistently, therefore hates confusion and bustle. It is conscientious and tries to evaluate things objectively. Works well with the data and values and would define hidden connections.

[65]**Controlling** is extensive coordination concept, which assists in the implementation of the project and helps the responsible person (team members) direct the project´s process.

Picture 3 Project team



Source: processed by authors

2.4 Essential features and advantages projectics (project-based teaching)

Main advantages of the project work compared to traditional ways of teaching are in the positive student access to the teacher and positive student access to the learning, which are the main characteristics of projectics. Other characteristics are:

- *Solutions.* In project teaching students solve practical problems from real life, give themeaningfulness of learning and provides space for the application of theoretical knowledge,
- *Interdisciplinarity*. It is use cross-curricular learning and multidisciplinary approach,
- *Theory of project management*. A necessary condition for solving practical problems is the basic theoretical knowledge and relevant professional terminology,
- *Teamwork*. The student is part of a team that works together. Individual members can help to address the problems collectively, advise you transmit your experiences and learn teamwork.
- *Practical applications.* Students can work with concrete and self- obtained data,
- *Own pace of work*. Students can choose own, individual pace during the project work. They learn to organize their work and map out the individual activities,
- *Responsibility.* Project work develops a sense of personal responsibility, a diligence, a consistency, accuracy and independence,
- *Communication.* Team work strengthens the communication skills of the student,
- *Creativity.* It creates interesting, inspiring and creative environment that fosters personal growth of the student,
- *Self-reflection.* The evaluation helps develop the thinking,
- *Socialization.* Consolidate a democracy, a tolerance and a cooperation (networking),
- *Internationalization.* The project work carried out with a foreign partner allows you to improve a foreign language,
- *Presentation skills.* Students will learn to present their work, to defend, justify and keep them informed debate about (soft skills).

2.5 Evaluation of the performance in the educational project

From the pedagogical point of view projectics provides time to evaluate the student's ability, instead of the assessment of knowledge in other teaching methods.

Students can evaluate their project results and their project process by themselves (self-assessment) or the results of the process are evaluated by the teacher, evaluation committee, beneficiaries of solutions (another trial). Possible is also a combination of two evaluation options. It is also possible that the evaluation will be done (another extended trial), for example by external client (e.g. external supervisor) and finally also possible that the schoolmates or students will be evaluated by each other (extended self-evaluation). There is also possible combined evaluation.

We developed an electronic system for the career development of students' skills assessment (later expert in practice), which can be converted into social networking "www.talentway.sk" at our university. This assessment is based on more criteria assessment during the work team or individual projects outside evaluator project and project team members themselves.

Conclusion

Projectics is not only the general methodology, but more work´s scheme and attitude of the established professional practice that requires awareness of responsibility, intercultural understanding, teamwork and reliability, as well as forward-looking and thinking about the creative process. Learn principles of project management (PM) are not conceivable without the "learning by doing ".

Our vision is to create the conditions in education to prepare young professionals for project management so as to be ready for economic practice. We must therefore encourage enthusiasm and networking for young students (professionals) in project management. Our vision should extend beyond one generation and combine all with a vision of a common goal. Project forms of education students at the high school and at the universities must be open to innovative ideas, innovative projects linking practice with academia. Our idea is based on the belief that this form can educate themselves and others on the level of experts in project management, which should support the vision, innovative projects, innovations, practice deeper penetration into the study at the university. The university can offer economic practice good people who will be able to quickly get involved in the firm's activities, business and more rapid implementation of a smart idea to implementation phase. One more relevant point: unification of this method of teaching across Europe essentially contribute to a higher level of education of young Europeans, sustainable development and improving the competitiveness of the Old Continent with other economies.

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Some aspects of current marketing trends in hospitality - examining utilization of online tools for hotels in the Czech Republic

Anica Djokić[66]

Abstract

This paper examines utilisation of online tools - website presentation, participation in social networks and reservation options - for hotels. Research was done on selected four star hotels in the Czech republic in order to examine do hotels utlise available online tools and include online marketing in their marketing communication and distribution. Situation on the Czech market shows that, even though majority of hotels do utilise majority of tools, there is still large space for improvement.

Key words

online marketing, hotels, hospitality industry, social networks, distribution channels, communication tools

JEL Classification: M15, M31, M37

Introduction

When Veblen was writing his Theory of the Leisure Class in 1899, perishability of travel services was the matter of its exclusivity, creating a special aura of unique experience that was only available to a few. Luxury of leisure time was priviledge of aristocracy and time spent travelling was considered special. Changes that came through the 20th century allowed working class and any average citizen, not only the chosen rich few, to have leisure time and made the travel affordable. So, perishability became liability for travel services providers. This was considerably so after the Second World War, opening the air space for commercial flights that became affordable and more and more comfortable. The demand was booming, but so was the supply that changed the travel market and made it what is it today. Travel became affordable, leisure time available and hotels and flights comfortable. Once the supply increased and competitive forces on the market became very strong, something had to be done to maximise capacity and increase profit lines. Airline companies were the first to adopt and utilize technology in aid of maximising their capacities. In 1959 American Airlines were the pioneer in industry using the new communication technology to connect and increase distribution channels via reservation system - the first global distribution system was born to serve travel industry - SABRE (Semi-Automated Business Research Environment). Development of this one and further systems that are used today allowed hospitality industry to be the leader in dynamic drive of sales and managing distribution channels. Continuous development of distribution and reservation systems, their adaption and increased global distribution quickly connected the globe and travel became available and affordable for most of the population. Hotel chains and airlines connected the world via travel agents who connected into their reservation systems. The next huge change happened at the end of 20th century. It brought commercial usage of Internet, and platforms and systems of travel industry were the first ones to catch on it immediately seeing the opportunity to sell directly to consumers. Again, airlines were first to adopt and manage their sales through their websites, so now, even though it is only a decade ago, paper tickets are long forgotten. Hotel companies are right behind with seamless reservation systems, fancy

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websites and possibilities of not only online booking, but also answering customer preferences, reminding them of their arrivals or collecting and redeeming loyalty points - all in the comfort of their living room with laptop or phone in their hands. It is one of the marketing communication tools that has been growing dramatically during last two decades changing the travel and hospitality market on both sides - on the side of vendors who had to adapt to the speed of demand requirements; and on the side of the consumer who could enjoy the speed of requests or search for best possible offers while planning their trip independent of intermediaries. In this regards we can consider internet pages commercially not only as marketing tool of promotion and presentation of products and services, but as well direct distribution channel that comes to consumers homes, on their personal computers, space and time. This dimension of internet was first mentioned in marketing as part of low-budget guerilla marketing efforts, Levinson in his book Guerilla Marketing says "Online marketing presents guerillas with the marketing medium of their dreams - where the golden opportunity is interactivity blended with action, connectivity, targetability, community and economy - if they go about things in the proper manner. " I believe that several years after, the perspective is that online marketing is no longer part of guerilla, but standard, part of basic expectations from the side of customers who are online, active and impatient.

Internet of second generation came huge step further with inter-activity feature to the already exciting and dynamic possibilities, allowing customers to interact and post their opinion with travel industry. Website Tripadvisor is one of the giants in the industry building solely on customers reviews who can through it, discover themselves, new and new destinations. And even though it does not have direct booking feature, it became one of the authority on virtual market place, where it is possible to view opinions of guests staying in chosen destination, hotel, restaurant etc. Nevertheless, reviews can be used to increase demand and traffic on the source website that is linked directly to Tripadvisor site, specially for high quality small independent hotels not having the full chain support. So, online marketing gained dimension of word-of-mouth marketing and speed and dynamics of viral marketing. Even though on the first glance those are very wild characteristics that could often be mistaken for uncontrollable tools - many hotels have benefited from properly utilizing and maximizing their personalized service through great customer reviews. Little improvements in service standards and personalized communication with customers saved them advertising funds that were replaced by viral word-of-mouth with much stronger creditability.

The most recent dimension of interactive Internet is phenomena of social networks. Facebook is by far the most popular, in the Czech republic as well as globally, even though business social networks power and distribution should not underestimated in promotion (linkedin, foursquare, google plus). Social networks allow businesses not only to post news and promote activities, but also to post videos, start conversations and organize events with invitations. They open the gate to credible word-of-mouth marketing through friends' recommendations and likes or open or closed groups. Not to forget advertising options that are focused to particular segments that could be targeted not only by territory and language or age group, but also by preferences, hobbies, likes and tastes. And all this for very low budget, with no intermediary advertising or media agencies, so open and possible for small business.

The main issue of this paper is to examine to what extent the Czech market has advanced to the level of maximum usage all available online tools as part of their marketing communication mix. It is a big question that deserves view from both sides, in this paper we will try to look at the travel market from the side of supply/ofer and examine what is current situation. Taking the virtual space as a market place for hotels, their presentation there would be part of their main promotion including the photography, design, promotive text that should be adapted to their consumers, meaning there should be attraction and information not only in one language and one service in the hotel. Website navigation should be user friendly, easy to read and work with for all users no matter their technical skill or education. In order to serve as true distribution tool, website should allow customers to book the hotel directly safely and with timely response. In todays fast consumer society, customer patience in waiting for response is very short, large hotel and airline companies have increased the bar by allowing instant confirmation and purchase safely through their reservation systems that are directly connected to their reservation and card systems. Small hotels will have to adapt and improve their online presentation if they are take up large hotel companies market share. In this paper we will examine following online functionalites as part of online marketing tool for hotels: website design (if it is done professionally, if it is dynamic or static and includes all relevant information), photography (if done professionally and arranged purposfully), text (if attractive and informative), if language mutations are available, if the hotel provides multi-windows for different hotel services, if the hotel has presence on social media - Facebook, twitter or any other, if the hotel website has mobile application possibility, if there is a reservation window that is offering immediate booking or not. Evaluation of above stated will be based purely either on presence or lack of; or in case of design, photography and text on my previous experience and professional knowledge as director of sales and marketing at five star international hotel, so benchmark will be websites of large hotel companies like Marriott, Hilton or Intercontinental.

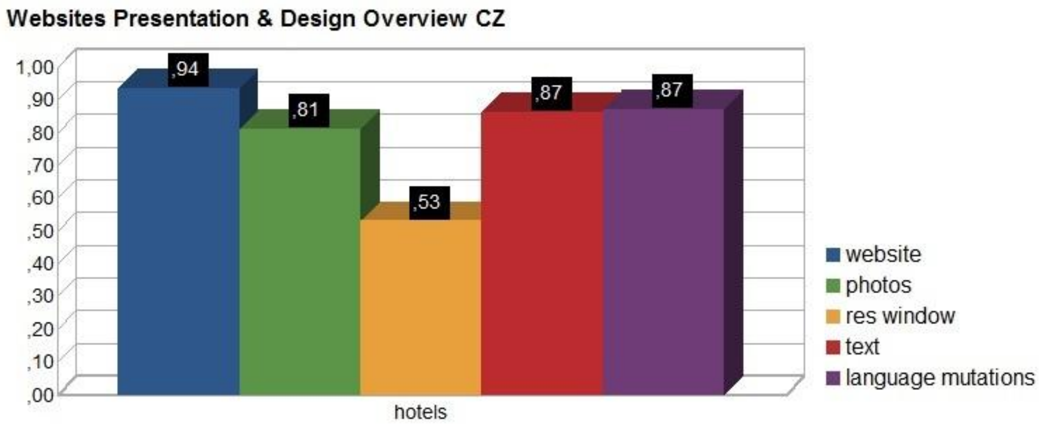
1 Methodology

I have chosen to examine and possibly evaluate current situation of ecommerce offer within hotels in the Czech Republic, except of Prague. I have excluded Prague as in terms of tourism in the Czech republic is the leading city for the last 20 years and hotel market with high presence of hotel chains that would possibly deform the research since ecommerce of large companies is mainly done through their headquarters internationally or globally. Destinations are all major cities including major tourist destinations like spas in the Czech Republic: Ostrava, Zlín, Luhačovice, Olomouc, Znojmo, Brno, Pardubice, Jihlava, Telč, České Budějovice, Český Krumlov, Tábor, Jindřichův Hradec, Hradec Králové, Pec pod Sněžkou, Špindlerův Mlýn, Liberec, Ústí n. Lábem, Karlovy Vary, Mariánské Lázně, Mělník, Karlštejn, Kutná Hora and Plzeň. Main method is desk research, looking at individual webpages of hotels, not including their presence on other affiliated websites, destination websites or intermediary portals. Search of website is based on Google search. List of hotels is taken from the website of the Czech Statistical Office that is organised by regions and hotel categories. In total 156 hotels are included of only 4 star category (this category is chosen as of solid quality and yet still affordable and in its standards requirement is to have internet for guests). No pensions or alternative accommodation facilities are examined. Reaserch is done from 01 March to 14 March 2014 and as this virtual sphere is highly dynamic, it is possible that changes happened during the research period as well, but it is taken as one time snapshot of the situation and each website is visited once in this period of time.

2 Findings

On the very first glance of total overview we can sum up following findings ilustrated in the graph No. 1:

Figure 1 - based on research



Even if we can consider in the last 10 - 15 years that virtual space of internet is part of basic marketing communication tools - website is considered as first impression, instead of traditional print brochures, including photos and not only basic, but all possible information on the hotel, 6% of hotels still chose not to use this option. So, even if creating a website and finding a hosting is relatively easy and afordable, including registration of domain in international virtual space, there are still out there hotel managers who do not consider it priority or decide to use only intermediary presentation. In case of these 6% it does mean they do not present themselves on internet, only that they do not have their own website, meaning they use one of destination or travel professional intermediary to present for them. This decision can be based on limited small capacity of the hotel, contractual agreement or ownership of the hotel, nevertheless my beleive is that deciding not to own website, they lose option to communicate to customers directly and drive their image, demand and perception.

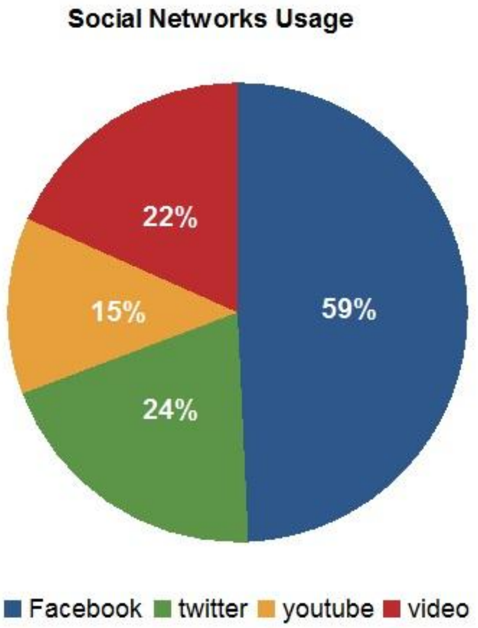
Next big point is that almost half of hotels, who decide to have their own website, invest in it including professional photography, design, text that is connected to metadata and search engines treat this website as passive presentation - as a brochure. This means that they allow customer to see their hotel, even to virtually visit through virtual visits, videos and to learn of promotions, activities, to see where the hotel is on the map, but once they are decided and would like to reserve the room - the hotel slows them down by offering only reservation email option, not connected to reservation system and asking customers to wait for the reply. Waiting for reply means that somebody on the hotel side - person in charge of reservations - has to see the email and respond to it. Even in case there is somebody on the other side in the hotel for 24 hours, this kind of option of reply is on minimum 15 minutes. In competition with booking engines of large hotel companies that have seamless connectivity of their websites with reservation systems, accepting and replying to reservations immediately, this waiting time could potentially be a loss of customer without even knowing of it. Internet of second generation that we have since 2000 made a revolutionary progress in interactive connectivity and in travel industry provided with possibility of combining two marketing tools - communication in terms of direct presentation with direct distribution. It is a pity that there are so many hotels not realizing its power.

When searching for hotel websites on Google majority hotels websites appear on the very first page, yet first links or paid advertising is done by intermediaries like booking.com or similar, so it is clear even before visiting the page of the hotel that alternative offer or price might be available. Intermediary and travel websites of tour operators and travel agents are very aggressively present in search engines, we can assume that they do invest significant funds in online advertising and search engine optimization. Nevertheless, when creating a website and registering it with the host servers hotels do have an option of optimizing their presence in search engines and different online lists. It is important not to forget of these, otherwise websites stand alone, with no traffic.

Hotel websites, when created, are considered in the same manner as static print brochures, so not all hotel pay attention to having text presentable, used in meta data search or to have it available in more language mutations. This could be based on customer segmentation and sources and could be argued that some hotels have only Czech customers, therefore it is not necessary to present itself in any other language. Nevertheless, again, virtual space being global, they lose opportunity of possibly attracting any foreign customers in the future. Some of the text translations are only partial, so not all options would be available - in combination with no reservation option, it diminishes the value of the websites.

Lastly, I have looked for connectivity or adapted webpages for mobile phone applications and only 13 % of selected hotels do have this possibility on their websites. In times when customers are highly flexible, this is very low percentage of supply that is using increasing demand of last minute customers who are potentially nearby. Meaning that mobile application and presentation does not have to work only for accommodation, but also for hotels keen on getting extra local residents into their restaurants, fitness or wellness services.

Figure 2 - based on research



The other area we were looking for was presence in social networks space. While looking through websites of hotels I have looked for icons or connectivity to social networks. Usage of social networks and their presentations there would be a subject for further research; here simply goal was to establish presence. We can see that more than half hotels consider Facebook one of prime social networks to present and interact with current and future customers. Good signal is diversification, increased number of hotels being present also on twitter and Youtube - media allowing active, immediate actions, dynamic presence. Sadly, only 15 % of hotels are utilizing affordable option on Youtube. This is new large media channel that is in competition with television in terms of commercials and promotional videos. It would be enough to produce and create video with interesting story that could potentially be viral marketing and word-of-mouth to the large global audience on Youtube. This is large potential area for Czech hotels.

Conclusion

The goal of this paper to make a snapshot of hotels websites presence in the Czech Republic and based on this research of selected 4 stars hotels I beleive there is space for improvement. Firstly, based on this inconsistent websites I am not sure if small independent hotels consider online marketing seriously, if they still have it as a guerilla tool or do they include it in their basics in the same manner they would consider their business cards or print brochures. Some marketing communication tools are used for so long that are taken for granted - like business cards - and even if in this digital time, they might not be as used as website - they are still considered basics, yet website looks like more-less luxury or extra investment that should not require too much trouble or maintenance. If websites are taken as part of their marketing communication and their marketing plan that should support total strategy, it is visible and clear to customers immediatelly. Strategy and professional approach and care is visible through professional and creative photography, video, website design and interesting attractive text that is not only stating facts or presenting bullet points. Website is a platform to be adapted and updated regularly based on traffic and booking results. Some of small hotels are using the services of booking companies providing them with external booking engine and connectivity to GDS and other websites, these companies also provide them with reports on statistics of visits, views and conversion ratio. My hope is that if investment in booking engine is made, these reports are reviewed regularly and websites adapted to maximise utilisation. Websites made by design studios in a manner of online brochure that does not provide inter-activity and booking window are certainly presentable and nice to look at, but are not utilising the distribution and analysis function that are available. There is largest space for improvement for majority of selected hotels. Next level of analysis would require seeing how much are social networks used, what is the quality of interaction with customers and to what extent are benefitial to both parties. Some hotels have on their websites chat tool that would allow direct communication with customers in real time - nevertheless, it requires person active on the side of hotel at all times. For some hotels this might be costly.

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Effective marketing communication of the companies within the Facebook social network. Main trends of effective marketing communication of the companies[67]

Zuzana Lukačovičová[68] – Miroslava Loydlová[69]

Abstract

The main objective of this paper is to point out the correct identification of social networks operation principles and show how to explore the possibility of marketing usage viathe most widespread social network Facebook within the corporate environment. Companies often involve new forms of marketing communication to present their products or brands. Let's say that it is more or less successful way with respect to current trends of marketing communication. The main contribution of this paper is systematization of knowledge about the functioning of the Facebook social network and controlled use of this network in order to use activities and information posted on social network not only in the presentation level, but also at the level of support for consumer purchase.

Key words

Marketing communication, social networks, Facebook, trends in communication

JEL Classification: M31

Introduction

In current time period which we might call the internet, digital or technology period the social media and social networks are becoming part of the communication mix of companies. These two concepts should not be mixed up and therefore their definitions are provided below.

Social media are networking and interconnection engaging in conversations through technology. They include real conversation between people which is based on the use of technology.D. L. Safko and Brake define the term social media as follows: Social media represent activities , practices and behaviors among communities of people who are gathering online for sharing information , knowledge and ideas through the use of conversational media [Safko, Brake, 2009 p. 6]. Conversational media are Web-based applications that allow you to create and easily transmit content in the form of words, pictures, video and audio. "D. M. Scott says: "Social media enables people to exchange ideas and opinions, jointly download site content and network online. Social media is different from traditional in that way that their content can be created and commented by each individual. Social media can take the form of text, may be the audio, video or photos and other visual forms that are connecting communities and bringing people who want to associate together." The technologies and tools that are currently marked as social media allow users to express its

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view in real time online. It is important to distinguish between two similar terms: social media and social networks. The concept of social media is superior and represents all the media that people use for online communication and develop social relationships.

Social networking concept comes under social media and is used when it comes to a certain way of human interaction. Social networking means creating a personal profile and joining interaction in order to become part of a communityof friends who share your interests and want to communicate. [Scott, 2010, p. 38]

„The concept of social network is by Grančičová currently seen as certain specific web site used for communication between a group of people with common interests or those who feel the need to mutually transmit and share different information, whether text, visual, or multimedia nature."[Grančičová, 2013, p. 164]

Social networks are „services based not only on the content but mostly on the relations between the users. Main characteristics of social network is that most of the content is generated by users themselves. The basis is the relationship between users and their mutual comments, links and opinions and server operators entering the network only minimally for maintenance purpose. A very important feature of social networks, which distinguishes them from previous communication systems is that the identity of users of social networking is identical with the real one" [Bednář, 2011, p. 10]. Social networking sites belongs to the app called Web 2.0 which are based on content creation by the users. Sometimes the traditional web servers talk about so called primary and secondary content. Primary content is the one that publishes the server owner (eg article in the online journal) and a secondary one supplement users themselves (eg comments on the article). Social networks thus do not distinguish content because everything is published by users. However from the company marketing point of view this content can be distinguish as that one which is created and made available by the company (primary) and one published by users (secondary). [Bednář, 2011, p. 12]

1 Methodology

Social networks expanding and popularity grow among users nowadays is used by many companies to communicate with their customers, for the presentation of its brands and in an effort to attract new customers and build a relationship with current customers.

The main objective of the paper is to identify the operating principle of social networking and examine the possibility of marketing with use of the most widespread social network Facebook within the corporate environment. In addition to this main objective in this paper we focus also on the overview of the most striking new trends in marketing communications as a whole especially in the context of social networks. Before the paper write it was necessary to perform a literature search of appropriate resources in the form of journals, books or Internet resources and their deep study in order to acquire an overview of this topic. We examined the different definitions and the definitions of marketing communications and social networking by different authors, trends or marketing use of social network Facebook for business purposes and we have not missed a typology of social networking. In the presented article were used primarily scientific examination of the following methods: search and study of literature, method of abstraction, social statistics, analysis and synthesis.

2 Findings

2.1 Trends in marketing communication

Development of information and communication technologiesis apart from the a fore mentioned social networks accompanied by the creation of other new trends affecting marketing communications. New techniques and ways of marketing can better reach and influence customers.

Trends in marketing communication by several authors are for example created by:

- product placement,
- guerrilla marketing,
- mobile marketing,
- viral marketing,
- Word-of-Mouth.

The above trends are nowadays widely used, not only individually, but also as a combination of several of them. To better understand the various trends in marketing communications they are characterized as follows.

PRODUCT PLACEMENT

The term product placement means the use of real branded productor service in audiovisual form(movies, series, computer games) in the live broadcastor in cinemas, which in themselves are not promotional activities and are at strictly agreed terms and conditions. Unlike traditional advertising product placement forms are a non-violent form of presentation of a product or service where the viewer perceives advertising but does not consider it intrusive.

GUERRILLA MARKETING

Guerrilla marketing is an advertising strategy based on low-cost unconventional marketing tactics which aims to achieve maximum effect. The success of this advertising campaign is to spread the message to the customer at greatest extent possible. Guerrilla marketing is interesting and surprising to customers with its creativity, and unlike to traditional advertising brings the customer a better and more effective impression.

MOBILE MARKETING

Mobile marketing is one of the fastest growing communication tools, particularly due to the development of mobile networks. Mobile communication is any form of advertising aimed at target customers and implemented through mobile devices. Promotional activities are presented mainly in the form of SMS, MMS, operator logos, ringing tones or games.

VIRAL MARKETING

Viral marketing is a form of marketing communication distributed primarily through the Internet. Creativity lies in an interesting content using pictures, videos and applications that get the attention of recipients so that they distribute it further.

WORD-OF-MOUTH

Word-of-mouth advertising is important for any type of business, because it is one of the most thrusted forms of advertising. The essence of communication is based on the oral form. The concept of advertising arises naturally when a product or service is exceptional and recommended further.

Trends in marketing communications are constantly changing and it is an important task for marketers to recognize and adapt their marketing communication products or services. The following subsections take a closer look into another important tool of marketing communications which is social networking currently still the most effective element of promotion companies and its services.

2.2 Typology of social networks

Social networks like sites where people create personal profiles are currently one of the most popular social media. Individual sites have millions of users worldwide. Social networks from each other in some way different and can be classified into several basic groups based on their content, options, availability and functionality. Author Z. Lukačovičová states the following division [Lukačovičová, 2012, p. 125]:

- Information Social Networking: creating communities of people to communicate with each other about the problems of everyday life together and share useful information. Information social networks are often associated with companies that may through them interact with their customers and also attract new customers. A typical example is the social network Facebook.
- Professional Social Network is primarily used for communication between employer and employee. Employers use these networks in recruiting new employees, view professional profiles and resumes and have the opportunity to directly choose a suitable candidate. Conversely employees can use these networks to advance their career or finding suitable employment. An example of such a social network is LinkedIn.
- Educational Social Networking: the purpose of these networks is the communication between teachers and students, the largest group of users of these networks are thus logically students. Educational social networks facilitate not only communicate with each other, but also blogging, discussion, project collaboration, e-learning, and research. A typical example is Slideshare.net.
- Interest social networks: they are very popular because people are creating community based on individual interests of network users. For example, on the social network Hi5.com experienced users using online games.
- Social network providing news: in this type of social networking are available current actualities, news in the form of newspaper articles or comments. A typical representative of these networks is the Twitter microblogging network.

There is a large amount of social networks available and the selection of social network by users is often influenced by the orientation of the social network in a specific area, interest, hobby, but also the opportunities offered and the purpose which the user has to perform. Selected on the basis of criteria which may be communicating with friends, sharing photos, or finding a job, the user chooses a network that suits him. Since social networking sites there are countless and some are often specific to a region or country, we chose the more detailed specification of the ones that are most used in the world and also are focused on different areas, namely Twitter, Google+, LinkedIn, Pinterest, Flickr. In this paper we will discuss only one of them, namely the social network Facebook.

2.3 Most known social network - Facebook

Social network Facebook is currently one of the most popular and widely used social networking sites in the world. Facebook was founded in 2004 and its founder is the current CEO Mark Zuckerberg and his co-founders are Dustin Moskovitz, Chris Hughes and Eduardo Saverin. The company's mission and social network Facebook is to allow people together to share information and make the world more open and interconnected. People use social network Facebook to stay in connection with your family and friends to find out what's happening in the world and to share and express what is important to them.

The company now has headquarters in Menlo Park in the state of California and worldwide employs around 5,794 staff (September 2013). In September 2013 Facebook reached 1.19 billion monthly active users, Facebook is used daily on average 727 million active users with almost 80 % of these users are outside the U.S. and Canada. The number of active users of Facebook mobile products in September reached the level of 874 million users per month.[70].

Typology of Facebook users

For marketing and promoting usage of social network Facebook is crucial to know how users use this social network. Generally speaking there are more types of users who are active on the social network in different ways. In order to select the right way how to deal with them company has to know these users behavior.

1. *Active user - content creator*: creating a body of content on Facebook, but also presents a numerical minority estimated at around 10 % of users who are the real creators of content. Content, which is contributing value to others and they spread it further.

[70]FACEBOOK NEWSROOM. 2013. *Key Facts.* [online]. [cit. 12.11.2013]. From: <http://newsroom.fb.com/Key-Facts>.

2. Active user - evaluator and distributor: the most common activity performed by these users is assessments, discussion and sharing of foreign contributions. These are users who are spreading the content and there fore for presentation on Facebook is important to attract their attention.

3. Passive user – evaluator of the content: The main activity of this group is to use the *„like"*. They are passive to most activities but use content rating scale, thereby contributing to the spreading the information. However it is difficult to identify them as they do not discuss or create content. They are hidden. It means that it is also difficult to take them.

4. Passive user - observing authority: this is the exception, it is a collector of virtual contacts but himself alone is passive. He has many friends, but little discussed, communicate and evaluate. However once he is sharing there is high possibility to intervene other users. These users are few, but they have great power. For the presentation of the brand, it is important to get these passive authority to his side.

5. Passive user - observer: communicate very little and are on the edge of the social network community. Social network is not important for them and represents only a necessity for them.

The communication through the social network Facebook by company has to be brand focus mainly on user groups 1-3, mainly because they represent the largest ratio between the probability of communication intervention and positive consequences for the broadcaster communication. However they may not ignore the rest of the group, especially type 4, which, if they engage in communication can have great power in both positive and negative sense [Bednář, 2011, p. 15-17].

2.4 Marketing usage of Facebook social network in corporate environment

Social networks are now becoming increasingly used by companies for marketing activities, although they were and are primarily intended for users. Facebook as the largest social network on a global scale is a lure for many companies trying to take advantage of relatively low cost of communication through this channel and also the widespread this network. Many companies consider the effect on the social network for simple but it is not always true . It is necessary that each operating company or brand on Facebook develop a strategy and effective use of all the possibilities that Facebook has to offer. Concrete recommendations for the presentation of brand and communication on Facebook will be dealt with in the next part.

Options that Facebook offers to businesses and brands to present themselves could be included in four themes: the setting up corporate website and content development for the site , promotion and advertising platform for applications and measurement tools .

Company page

Facebook page is under the regulation of the company or brand on Facebook. Helps to get new people and deepen customer relationships. The company website can be customized to be presented in the best possible light . The user can select this page that he likes and gives her „Like" . By becoming a fan user expresses its support for the site, respectively. Company or brand and thus can watch all the news that the company public. These news are displayed on the bulletin board news fan. The company may also encourage more people to communicate with them by publishing interesting content such as photos, offers and promotions, events or create an application which can connect people via the company website. When a user likes business page, or likes comments and shares posts from this site , any of this activities appears on News –feed of the user friends and the company can reach even more people .

When *creating a business page* on Facebook it is important to add an appropriate picture in the title, profile picture (e.g. logo) and to remember the name of the Facebook page. Build an audience for the site can be done through a "Build Audience" at the top of the page administrator account. Here you can invite your friends to like the business page, upload a list of email addresses of customers so that the company can let them know via e-mail about its existence on Facebook and advertise their site through advertising.

Facebook web site creation for company is suitable for:

- Discovering the company on Facebook via News-feed,

- For building of corporate brand
- Strengthening relationships with customers,
- Expanding its customer base.

Important is to distinguish between the page and profile. Every user who registers on Facebook has a personal profile with login information. Each profile has a personal timeline, that timeline and can manage multiple lists. Personal profiles are for individuals, not for business and commercial activities. Profile represents a real person, and must be under the real name. Facebook pages look like the profile, whether they are written in a manner timeline, but additionally contain special tools for connecting people with topics that interest them, for likes companies, brands, celebrities and so on. Pages are managed by administrators who must have their personal profile. Pages are not separate Facebook accounts that have separate logins are always controlled from a real account. And so the page can manage multiple users under their real profile.

Page can only create an official representative of the company, brand or organization. Page creator can add additional administrators for assistance in managing the page. Each administrator can then edit and update the site from your personal account. The page title should not only bear the generic name for example champagne but the specific name (Hubert) as the sites which represent only a general category tend used to be erased . For such purpose were created the groups. Title page must always accurately reflect the content of the page. Also the name must not contain unlawful phrases and expressions, grammatical errors, symbols , lengthy descriptions , must not contain any variation of the word Facebook, generic names and location. The title may include the word „official" only if they are indeed official representative of your company or brand. The title should also not give dates. Administrators are available to the administration panel, from which they can see the notifications page (warning), reply to messages , see the statistics page, invite friends and see new like when they arrive at [Facebook Help, 2014].

Publishing the content of the site

The key in building a strong presence on Facebook is to understand what content consumers are interested in and publish such content regularly. In general contributions in types of images have more share, like and comment as mere status. Contributions can be used in the form of offers and promotions, and create events. Questions are also a very good tool that supports the interaction of fans and makes them feel that their opinion matters. It's a kind of a small survey in which a company can ask for feedback on a product or customer satisfaction. Publish post on Facebook page is suitable for:

- Brand building,
- Talking about promotions, events and new products,
- Strengthening relationship with customers,
- Expanding Customer Base.

Web sites with localization

In case the site represents a business that has a real operation, in which the company wants to lure customers, it is possible to add a Facebook page localization, i.e. add the address to the basic information on the site . There are three types of localization site "nearby", ie nearby, is suitable for people on the move who where in your application you click nearby, they may see all the branches close to where they are. Thus, the company can attract new customers to their service. Another tool is the "check-in" or some way of designating sites that people have visited. If a company has on its Facebook page specified address, it may be indicated as fans and learn about it and their friends. A third option is to create "events". Through addresses are added directly the places of the company as a place of events. A fan event appears in their News - feed and the manufacturer's website. This tool is useful to help locate businesses and to encourage visitation to the labeling space, and the company gets into awareness more people.

Promotion and advertisement

To effectively reach the right people on Facebook advertising option is available. Is it possible to target advertising directly to that group of people with whom the company wants to connect and in the same time to decide how much money they want to spend. Once the ad is running, there is a tool Ads Manager, which shows how to manage advertising and enables the management of other investments. Facebook Ads are displayed to specific groups of highly engaged users. If the advertising has creative content and is well-targeted, it get more likes, is more commented and shared and thus visible to more people. The more the posts are advertised and the more you create targeted ads to a specific group, the greater is the probability that a fan or user will see the advertising when they log into Facebook. Promotion of the use is suitable for:

- Achieving greater number of fans,
- Targeting to specific audience,
- Creating brand awarness,
- Generating sales

Types of advertisements

Advertising on Facebook can be placed in different locations, depending on the objective, which the company chooses and the targeting of the advertised post. The advertising contributions appear as "Call to Action" buttons so the buttons to trigger actions that the user click directly link to the page, event or application. Are clearly visible and it is easy for users LIKE them to participate in the event or to download the application. Ads may appear in the right hand column of your Facebook homepage or directly in the News-feed on computers and mobile phones.

We know several types of ads that can be used on Facebook:

- Advertising of application: is used to achieve downloading of applications and user involvement. Located mostly in the right column Facebook homepage.
- Advertising of domain: it is most appropriate to launch website traffic and online sales. It is located in the right column on the homepage.
- Advertising of event: it is suitable if the company wants to achieve attendance of their events . Can be viewed directly on News -feed or in the right column.
- Advertising of mobile application: used to achieve download the application and launch engagement and conversion, is shown in News - feed on mobile.
- Advertising of offer: it is used to achieve the purchasing company products by current and potential customers. It can be placed in the News - feed to the mobile computer and also in the right column of your Facebook homepage.
- Advertising to support Likes on the web site: available at the News -feed in the right column.
- Promotion Link: to obtain a conversion to a web page.
- Promotion of post: in the form of photos, videos and text - to obtain the involvement of people and attract new and existing customers.

There are also premium ad types and in this cases it is paid for placing sponsored contribution to the homepage to News-Feed and in the right column, or there is the possibility to display sponsored contribution into the Log Out so when the user is logged off. For this purpose homepage is very simple and sponsored event, page or a video can be displayed there. [Facebook Help, 2014].

As already indicated it is possible to sponsor or. promote the website and also individual contributions. When *promoting a website* is the aim to gain greater fan base and therefore is often used in the early operation of the site. Encourages the user to be like a corporate website and if he does like also his friends can see this activity in their warnings so they can get corporate site to other future fans. This type of sponsorship is suitable for attracting more fans and build brand awareness. The amount that the company pays for website promotion depends on the number of people wishing to intervene. At higher budget more people will see that ad likes which supports corporate website. There is an option to set a daily budget, which the company wants to spend on advertising each day, at every level of the budget shows the estimated number of daily increase in the number of fans at a given amount.

Another option is *sponsoring individual contributions* what is helping to reach out and reach more people. When promoting the contribution it is possible to choose whether the company wants to reach more people from those who gave the site their likes or can choose targeting for all users. However in this case it is important to be more specific in order to target the correct group. This tool is suitable for attracting more people who will see the company contributions and sponsorship of special events, news and offers. Sponsored posts are labeled "Sponsored" and are placed higher in the News-feed, which offers greater possibility that their fans will see.

Facebook Offers tool represents a specific kind of contributions to special discounts and offers that can be created directly from a tool for sharing messages per page. This type of contribution offers so called "Get Offer Button" that is key to gaining a share of the offer. Tool in this way allows you to divert directly to the page where the product is sold online and can only be helped to increase sales.

Facebook also offers advanced tools for the use of ads for example. Power Editor – tool, which is used to manage multiple campaigns running simultaneously, creating multiple versions of campaigns and their management for greater efficiency and to target audiences. Another Facebook Exchange which in principle offers a more sophisticated targeting based on online user activity. It offers ad for such product that is just needed and is based on information about what was recently searched on the Internet.

Facebook platform

The Facebook Platform tool helps to find new customers, enabling them to quickly log on to the page or application, and provides them with the opportunity to engage in web and mobile applications.

With Facebook Platform, you can:

- Add button, Like and Share on your business page, so fans could share its content
- Add option Sign in to the application or website,
- Launching Facebook Ads for business applications to help people discover and participate in the activities of the site and its applications.

Social Plugins are an easy way to engage fans and bring the social dimension of the site, the content is transferred from the application to the Facebook homepage. For plugins are considered Share and Like buttons. If you like the users in the application or on the website, this action will be reflected on the Facebook News Feed-thereby causing sharing. Share button allows to share the comment and to determine the path at which the user wants the matter of the application or website to share. This tool is useful when a company wants to ramp up traffic to your website or to obtain recommendations through the application. In addition, Facebook Platform enables the creation of applications that are often used for competition or games that companies are also trying to attract fans.

Tools for page measurement

Page Insights tool is representing an analysis of sites and provide information about who is connected with the site and how to respond to published content. This tool provides the ability to see to what posts are most involved fans and to enhance the content published on the site. Page Insights tool is useful for finding out what the fans react and for planning future contributions.

Essential tools for measuring corporate website are these three tools: Like, Reach and Engagement. Like benchmark represents the total number of fans site who identified site that they like. Also available here is the number of new like over the past 7 days so as to grow the number of fans compared to the previous period of seven days. Available there are important data on gender, age, country, city and language of the fan. Reach benchmark represents the overall impact, namely the number of people who have seen any content associated with the business pages (including commercials) over the last 7 days. Impact of contributions is a number that represents the number of people who have seen any contributions page. Reach gauge can be divided into two types: organic and paid. Organic is the number of people who have seen the contribution to their Homepage, by sharing from friends through events that created the page or contributions published. Paid Reach is the number of those who saw only the contribution due to advertising. Engagement gauge or connection represents the number of committed people who clicked, likes, commented and shared any posts in the last 7 days. This means that they not only could see the content and they really saw, but they are also involved in the dissemination and evaluation. This is the main difference between the gauges Reach and Engagement, which are often used interchangeably.

Instruments for measurement of websites serve to the company to find out if communication applied on Facebook is proper, what is the targeted group, what kind of contributions will attract the most fans and so on. Measurement is very important in terms of efficiency and improving its corporate Facebook strategy.

Conclusion

It is important to realize that the essence of social networking lies in sharing, commenting and evaluating the content, in addition to networking and content creation. These activities represent spreading of information on the basis of the connections among friends and their friends. This creates formed viral spreading which has to be taken into consideration in the operation of the company or brand on a social network.

Viral spreading means that the information is disseminated from one user to another. Under standard conditions information is disseminated only between users who are friends with each other. However on Facebook there is often also to the spread between different groups of friends. Businesses should support virally spreading their content on Facebook because that can affect a larger number of users and potential new customers. However you can also disseminate information systematically using the previously mentioned paid advertising.

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SoLoMo – New Era of Digital Marketing?[71]

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Abstract

The article is dedicated to the new concept of digital marketing – SoLoMo that combines three elements – social media marketing, location-based marketing and mobile marketing. Based on literature sources analysis we pay attention to the theoretical background of SoLoMo and its practical application in world famous companies. We also define basic requirements for successful execution of SoLoMo and possible benefits. While the number of mobile internet, social media and location services users is growing, we expect that SoLoMo could be right marketing concept in next few years.

Key words

SoLoMo, social media marketing, location-based marketing, mobile marketing, contextual relevance, local-based engagement

JEL Classification: M31, M39

Introduction

Over the last 3-5 years smartphones have expanded rapidly and become more affordable. The introduction of mobile platform from Apple and Google was the genesis for a wide variety of apps and capabilities that allow users to customize their mobile experience like never before. Historically, desktop and laptop computers have provided the gateway to dynamically rich digital experiences on the web, e-mail and social media. Furthermore, smartphones are rapidly liberating the world from the confines of a home or office, enabling 24/7 access to information and anywhere. Technology is finally at the point where we can see how customers behave at the crucial moment when they are ready to make purchasing decisions.

At the present 78% of Europeans have cell phone, 36% Central European citizens use Facebook, 43% use mobile internet and 50% of smartphone users in Central Europe use location-based services (We are social, 2014).

On the other side, there are results of GI Insight (Carter, 2014) that surveyed more than 1000 customers to find out their attitudes towards this location-based marketing strategy. They found out that customers largely consider their mobiles to be private territory, with 80% admitting they would be more than a little peeved to receive localised messages. The results also showed that 58% of consumers would only accept to get SoLoMo messages from companies with which they have a particularly strong relationship. However, messages sent via mobile seem to receive the most responses, only 22% of customers are likely to take up a local offer sent to them through Facebook or Foursquare. This compares with a more significant 59% for mobile channels such as SMS, e-mail and app, but only when the customer has signed up for them. Furthermore, localised marketing messages need to be solicited and mobile-friendly. Many consumers (59%)

[71]The paper is output of the research project VEGA No. 1/0134/14 Podpora inovácií v distribučných procesoch prostredníctvom zavádzania moderných technológií a optimalizácie logistických činností so zameraním na zníženie záťaže životného prostredia a na zvyšovanie kvality života

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expect communication that is personalised and reflects their individual needs and interests – even if it comes from a company they are strongly connected to.

People are social, local and mobile, so it would seem sensible for marketing to follow this lead. In this point of view SoLoMo seems to be right concept of marketing that enables customer engagement.

1 Methodology

This paper highlights theoretical background of SoLoMo concept, defines core capabilities required for successful SoLoMo execution and practical application of SoLoMo, especially in the context of how selected industry-leading brands are incorporating social, mobile and location in customer engagement, especially with brand.

We compiled the paper on the basis of foreign literature sources because there is a lack of domestic literature in Slovakia, resp. in European region that would be dedicated to the SoLoMo as a new concept of digital marketing. Furthermore, we found out that scientists have not yet pay enough attention to the SoLoMo concept, so the most literature sources comes from technical articles. We used some scientific methods – method of analysis and synthesis, induction and deduction, comparative methods.

2 SoLoMo Concept and Practices

SoLoMo is acronym and refers to the convergence of Social Media, Location-based and Mobile Marketing. It allows marketers to "hyper-target" – reach the right customer, with the right message, in the right time and place.

SoLoMo can be defined in two ways – in the consumer or business perspective (Gulden, 2013):

- Consumer perspective – SoLoMo is an acronym that applies to the integration of one´s social media platforms and physical location with one´s mobile device. An example of SoLoMo integration would be a social mobile app that is aware of consumer physical location and that consumer can interact with from mobile device, both to input information (check-ins, posts, status updates, ratings and reviews, etc.) and to receive information (store hours, products and services, ratings and reviews, coupons and promotions of nearby businesses).
- Business perspective – SoLoMo represents an opportunity to micro-target prospects and consumer wherever, whenever, with contextually-relevant content, information or promotion that is also designed to be shared on social media. Other way of defining SoLoMo from a business perspective is based on interpretation of abbreviation meanings: "So" comes from "social media" - the platform you use to promote your message and engage with your target audience; "Lo" such as Local - area of concentration or relevant proximity that can be offline (real, physical) or even online; and "Mo" such as mobile - the medium of connection between brands and its prospects and customers.

It means that SoLoMo consists of three essential elements of digital marketing (Figure 1).

Figure 1 Elements of SoLoMo

Source: Culture Evénement [online]. 2011

Benefits of successful SoLoMo strategy:

- Business increases,
- Transforming consumer behaviour,
- Consumer engagement with the brand increases – consumers feel to be connected to the brand and become loyal brand advocates,
- Consumer can build a brand through word-of-mouth sharing,
- Loyal consumers are willing to offer feedback and help identify the possibilities for brand improving,
- It offers the user a genuine reward for the data they are giving and the privacy that brands are asking them to trade off,
- SoLoMo fulfils the promise of CRM and one-to-one marketing as long as consumers feel there something valuable for them,
- It is way for retailers to wrestle some of the share back from ecommerce platfomrs by building more significance on brick-and-mortar locations, more relevance through social connections and a bit of excitement through the use of mobile technology.

Requirements for successful SoLoMo execution

SoLoMo is not for every organization. Today, it is being applied successfully with well-known brands like Starbucks, Coca-Cola, American Express, and Nike – all primarily B2C companies. At the same time, SoLoMo does not demand massive investments to gain benefits. But there are two core capabilities defined (Neolane, 2012) as requirements for successful SoLoMo campaigns:

- **The strategic and business capabilities**
  1. *A consistent customer experience across channels,* i.e. cross-channel campaign execution – in cross-channel campaigns, the same consistent campaign is delivered to across channels to re-enforce customer experience and brand. Marketers must adapt cross-channel campaigns to engage customers based on how they respond to communications in different channels, and more importantly adapt, in real time if an offer has been declined in a particular channel. Brand interactions in SoLoMo campaigns should re-enforce brand interactions across every other communication channel, dynamically incorporating real time responses and behaviour to create experience that are truly seamless and highly relevant.
  2. *Value added engagement* – there are two main benefits from SoLoMo engagement: driving brand engagement and driving relevant offers. Companies should drive brand engagement that rewards long-term loyalty and customer satisfaction. There has to be some long-term benefit to sharing and engaging with the brand.
  3. *Mobile engaged target audience* – for "always addressable customers" technology is just how they live their lives, they do not stop think about the device or technology solutions. Always addressable customers:

- own and use at least 3 data connected devices (PC, mobile, laptop, tablet, etc.),
- access the internet multiple times per day,
- go online from multiple physical locations (for example: work, home, in the car, at a store),

SoLoMo is both a source of customer intelligence and a channel of relevant offers. It requires more than just a mobile marketing engine. In a cross-channel campaign, it provides a broader integrated channel approach to push relevant messages to all channels (mobile apps, push notifications, Facebook, Twitter, e-mails, web, etc.). It is also a source of customer intelligence and data-driven interaction. SoLoMo produces loads of critical intelligence about consumers´ interests, needs and behavior that can inform more traditional channels (e-mail, direct mail and website). Content could be personalized on the basis of Facebook "likes" or check-in data from a social opt-in.

- **The technical capabilities**

Technologies should enable to collect and analyse data, to drive the best offer based on the data and push out offers through cross-channel integration to the most relevant channel.

1. *Marketing datamart* – best practices organizations have a system of record for tracking permissions for communications (e-mail, social and mobile opt-in permissions) Social opt-ins can be acquired through many of the most popular social media sites, web forms, social sign-on, etc. The marketing datamart should also collect information about how customer and prospects engage with the brand. The most important step to make right decisions about which offers will resonate with prospects and which channels are appropriate for your relevant offer is to create a progressive profile of customer engagement that should consist of responses and behaviour from all available channels and sources.
2. *Central Offer Engine* – process of defining and optimizing which offer will resonate with target audience requires data. SoLoMo demands an additional layer of complexity because offers should resonate at a local level and in most cases, must be generated in real time. SoLoMo offers should be kept simple – one or two steps should be all that is requested from a prospect or customer.
3. *Segmentation and targeting* – the above mentioned aspects (marketing datamart and central offer engine) are basis for segmentation and targeting. The goal is to identify the consumers who are most likely to engage with the brand and endorse the brand. Practically, it can be a small subset of target audience. It is possible to start by targeting consumers who are currently active influencers of the brand – for example to send communications them to demonstrate that you noticed and to reward them for long-term loyalty and brand advocacy.
4. *Cross-channel campaign technologies* – technology should enable the same consistent campaign and pushing communications out through relevant channels based on customer preferences and opt-ins. These technologies support both traditional channels (direct mail, call center, point of sale) and digital channels (e-mail, web, mobile, social network). Mobile apps are specific as they provide not only geo-location data but also new innovative communication channels.
5. *Distributed marketing platform capabilities* – the distributed marketing environment, especially for large companies means local marketers have more relevant knowledge of the local target audience than corporate marketing. Technology can help empower these local marketers while allowing corporate marketing to control brand consistency. Local marketers should participate in local SoLoMo communications because they are important source of information about how uniquely deliver location-based offer. While branded dynamic template can be created by corporate marketing, local marketers should customize it.

Aspects of SoLoMo

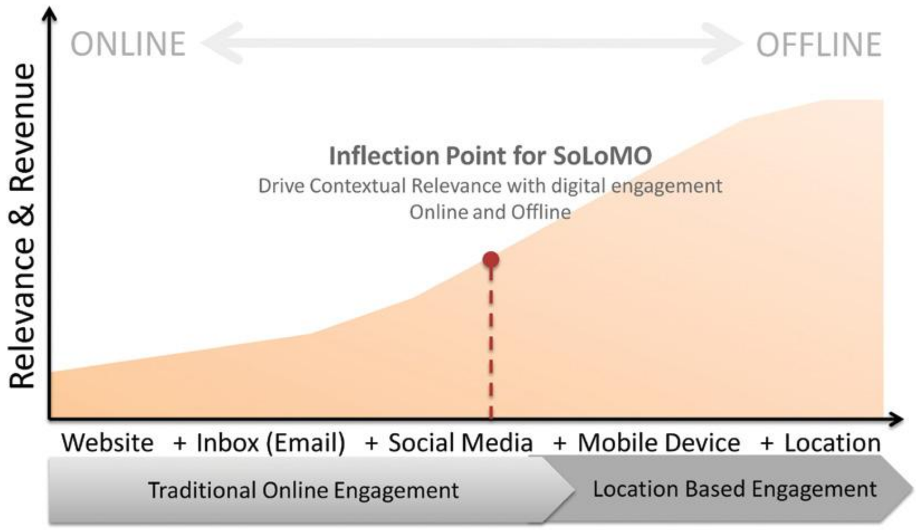
There are two aspects that concern to SoLoMo:

Location based engagement defines any action a consumer takes to engage with a place. Consumers are growing accustomed to having location-based access to the internet for product review, pricing and coupons on mobile devices. 80% of mobile internet users would prefer location-based ads.

Contextual relevance – SoLoMo is based on the same principles as primary channels like the web and email, but now the smartphone makes it possible to apply these principles to the real world for highly relevant interactions. Relevance drives revenue, so contextual relevance online and in the real world should deliver an optimal buying experience and grow the top line. Historically, we define relevance and personalization in the context of a session at a computer in an office or at a desk. The goal is to personalize the email or website experience for target audience. But primarily, online experience is constrained by the content on a screen at home or in the office. Smartphones change this dynamic allowing contextually relevant content to be streamed digitally in the offline world.

Importance of these two aspects is shown at the Figure 2.

Figure 2 Importance of Contextual Relevance and Location Based Engagement



Source: Neolane [online], 2012

3 SoLoMo in practice

SoLoMo works if an organization is delivering a consistent customer experience at every possible interaction with a brand. Social media bridges online and offline world because it is not just about a personalized brand experience but about personalized experience with the network of family and friends that influence each other with likes, recommendations and information sharing. SoLoMo enables initializing this activity in a location-based context. Similarly, capturing social interactions and profile data must be done with permission and preference based approach.

SoLoMo for engagement with a brand and building customer loyalty

At present SoLoMo allows organizations to deliver relevant engagement with a brand both in digital and real world. This online and offline engagement refers to so called "contextual relevance" that is about delivering a consistent and engaging experience regardless of where a customer or prospect engages with a brand (for example the website, e-mail, local store, etc.). Brand interactions are no longer bound by the constraints of a home or office computer, they are real-time, digital experiences at a psychical location.

Starbucks is a brand with more than 36 million fans on Facebook and can be considered as the pioneer of SoLoMo rewards. It continues to deliver value from its approach even after a couple of years (since 2010). The original concept – rewarding the Foursquare "Mayor" of each outlet with a discount – is still one of the most popular applications of SoLoMo, largely because it drives long-term customer loyalty. Customers who achieve status by checking in at local stores receive special discounts.

Starbucks has experimented with a few different approaches too, one that particularly caught our attention was the brand´s recent activity in China, whereby the coffee chain offered a free beverage to everyone who checked in to its outlets if the total check-ins for that week exceeded 20 000.

Figure 3 Mayor Offer with discount for check-ins at local store

Source: Van Grove, 2010

SoLoMo and gamification

SoLoMo functionality enables gamification that *Mini* used to great effect in Stockholm in 2010. The underlying concept was very simple: find and "capture" the virtual Mini via a SoLoMo-based app, and if that virtual Mini is still in your possession at the end of the game period, you win a real Mini Countryman. The game succeeded in driving average engagement of over 5 hours – 600 times more than a typical TV ad. The concept was so successful that the car brand extended it to Tokyo, too.

Figure 4 Mini Getaway – Gamification by Mini

Source: A. Rudenko, 2010

SoLoMo helps to support local businesses

*American Express´*s adoption of SoLoMo for its Small Business Saturday initiative in the USA is one of the best examples how to support local businesses. Consumers are encouraged to support local, small businesses by linking their AmEx card to their Foursquare account and then checking-in to participating firms in order to get cash-back. This initiative helps to support local, small businesses, and AmEx rewards customers for their patronage. In order to take advantage of the benefits, shoppers simply need to link their AmEx card to their Foursquare account and check-in to participating small businesses in order to get cash-back on their AmEx cards. Local businesses did not need to fund discount – the financial rewards are covered by AmEx – and the small business get an extra benefit in form of increased publicity and advocacy thanks to the Foursquare check-ins at their establishment.

Figure 5 American Express iniciative - Small Business Saturday supports local businesses

Source: Crispin Porter + Bogusky, 2012

Conclusion

SoLoMo only works if an organization is delivering consistent customer experience at every possible interaction with a brand. Social media bridges online and offline world because it is not just about a personalized brand experience but about a truly personalized experience with the network of family and friends that influence each other with likes, recommendations and information exchange. SoLoMo is about initializing this activity in a location-based context. Capturing social interactions and profile data must be done with permission and preference based approach.

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Marketing ethnography shows the way how to bring marketers closer to consumers[73]

Daniela Kolouchová[74]

Abstract

The paper deals with advantages of marketing ethnography compared to qualitative research methods like focus groups or in-depth interviews. To generate resonating consumer insights requires more than just the standard methods.The first part of the article deals with the theoretical background of ethnographic research approach. The second part presents first results of the ongoing research conducted mainly with experts from marketing departments and market research agencies and investigates the reasons why the unique research method revealing subtle differences in satisfaction or frustration during product usage is used so rarely in the Czech Republic.

Key words

ethnography, marketing ethnography, participant observation

JEL Code: M 31

Introduction

Marketing department should play the lead role in shaping business strategy. Its main goal is to generate information which leads to successful strategic decision. Only correct information about consumers and their needs and wishes can help to effective innovation process.

There are several challenges that marketers must respect if they want to win on the market. They need to know customer and his usage habits perfectly. They have to be fast with product idea generation, product development and product launch. They have to satisfy customer needs and wishes quickly or they risk losing them. Finally marketers need to find new data sources about their customers in order to provide customers with relevant products.To generate information which leads to successful product is a big deal for every company. Researches show that despite significant investment only every fourth new product scores successfully in the market (Light Mind, 2005).

Marketing research is the main and proven instrument for detection of the unmet consumer needs. To generate resonating consumer insights requires more than just the standard methods of quantitative and qualitative research, e. g. focus groups or individual in-depth interviews. Both bring overall consumer understandings quite quickly but they could overlook latent and powerful product value deeply hidden in consumer´s mind. One of the methods which detect differences in satisfaction or frustration during product usage is a marketing ethnographic research. This originally anthropological approach moves marketing research out of the laboratory. The marketing ethnography can watch a consumer´s life at real situations where the success or failure of the product takes place. It is a unique holistic method which reveals subtle differences in product usage in consumer´s natural environment. "Ethnography can offer insights into consumer language, myths, and aspirations" (Mariampolski, 2006). In contrast to questionnaires, focus groups and in-depth interviews marketing ethnography uses as a main method the participant observation. It studies people using products and services at home and places where people live and work.

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Using ethnographic methods in marketing is not as often as using other types of qualitative consumer research. The offer by the market research agencies is gradually increasing but remains a matter of quality in design and interpretation of data.

1 The ethnographic approach comes from the field of anthropology

Chris Baker (2006) defines ethnography as an empirical and theoretical approach inherited from anthropology. Its goal is to obtain detailed descriptions and analyses of the cultures based on intensive field work. The purpose of the methodology is "thick description" of the multiplicity and complexity of cultural life, including its either unspoken or obvious assumptions.

Ethnography originates from anthropology. Anthropologists spend a couple of months or years with people from a specific cultural group and make very detailed observations of their life, manners, social interactions, taboos. Ethnography explores cultural differences, searches general patterns of human culture and human nature and conducts comparative analysis of similarities and differences between cultures (Soukup, 2011).An ethnographic methods – field research, observation and participant observation - belongs to the category of qualitative research.

One of the pioneers of anthropological research is Ruth Benedikt, who, in her book Patterns of Culture, came to the conclusion that one sees the world as it is modified by a specific set of customs, institutions and ways of thinking. Individual life is a never-ending process of adaptation to patterns and standards traditionally transmitted in the community. The birth customs and habits of the community form human´s perception and behaviour. Without knowing the rules of the customs and their various forms, the facts affecting human behaviour remain obscure (Benediktová, 1999).

Franz Boas, along with Alfred Radcliffe-Brown and Bronislav Malinowski become representatives of the golden age of anthropological research. These anthropologists programmatically abandoned the peace and safety of their offices and research went into the world of real people. Long stay in other culture can be described as a fundamental attribute of modern social and cultural anthropology (Soukup, 2009).

The basic practice of ethnography is a field research and a relatively objective "participant observation". In the context of cultural studies research-driven ethnography also became the designation for a number of qualitative methods such as participant observation and depth interviews. In short, ethnography reports on how other people speak and act. Participant observation has a long history. This method is used for over a century (Soukup, 2009).

The participant observation as inductive, ethnographic phase of the anthropological research, is based on collection, classification and description of the empirical data directly gained among the members of the studied culture (Copans, 2001). The basis of this method is a long-term presence; at least a several months stay in the studied group. This allows capturing the context of changes in different seasons. The researcher becomes temporarily a member of the studied group, conducting interviews and recording the results of detailed participant observation via different forms of documentation: writing, audio, drawing, photography. Their work is mostly descriptive, as indicated by the second half of the word "ethnographer" (Soukup, 2011).

A participant observation and dialogue (interview) are two main research methods available to anthropologists and ethnographers how to collect empirical data. They enable researchers to test pre-defined hypothesis, to collect completely new elements of some culture (Augé, 1999). Both methods enable to formulate new hypotheses, generate theories, and contribute to understanding of uncertain aspects of the studied culture. Participant observation is the primary method used for fieldwork which concerns "active looking, improving memory, informal interviewing, writing detailed field notes, and perhaps most importantly, patience" (DeWalt&DeWalt, 2002). Schensul, Schensul, and LeCompte appropriately defined participant observation as the process of learning through exposure to daily routines of participants (1999).

2 Why to introduce ethnographic principles and practice in marketing?

Ethnographic techniques were adapted to marketing research already in 1980 (Mariampolski, 2006). An anthropological approach enables marketers to dive deeper into the actual situations in which their products are accepted and their values well perceived or ignored and rejected by the customer.Marketing ethnography helps product innovators, researchers, marketers or designers to be as close as possible in the contact with consumers in their most natural and typical context.These methods are used to understand the behaviour, to identify attitudes and opinions of the respondents, to find out the origin of their formation and evolution over time.

Ethnographic research approach is an important tool for marketing professionals to monitor the consumer´s habits and their changes over the days, weeks, months, years, decades. All over the world marketers investigate new market opportunities.Analyses of data generated by this way extract high-quality information for innovation process, product marketing or effective communication strategy. Ethnography offers an analytical tool for assessment of consumer dynamics.

Marketing ethnographic studies became one of the data sources for long-term marketing strategies and decisions about marketing mix. Mariampolski (2006) considers activities such as house cleaning, body care, purchasing decisions, food preparation and cooking appropriate categories for marketing ethnography. Among alternative categories areconsidered processes which require interaction human-human or human-technology: childcare, games, business negotiations, financial transactions, doctor-patient relationship, the use of technical equipment and facilities.

Recent research results confirm that ethnographic research is irreplaceable especially for technological innovations. Many industries invest high amount of marketing budgets in ethnographic market research or pay their own ethnographers. To detect genuine motivational factors of shoppers and consumers is a key factor for growth in a mature market. Microsoft or Intel represent one of the world´s biggest investors in ethnographic research. These companies have understood that the comprehensive"study of people" helps them to develop successful products.Microsoft hired its first anthropologist in 2000 (Johnson, 2006).

Mariampolski (2006) recommend ethnography in following situations:

- In case of a need to change or reinforce the brand positioning statement or one of its segment.
- In the moment when has to be identified the basic pattern of consumer behaviour within a community.
- In situation of information gap about holistic consumer groups, their lifestyle, desires, aspirations.
- In case we want to be as close as possible to consumers in their home, during leisure activities, at work.
- In every situations when we need to shoot or photography their daily lives and rituals.
- In the moment when we want written or oral report taken in consumer´s natural environment.

Ethnography can be understood as a method of highlighting the direct contact and participant observation of consumers in a natural context for the selection, purchase and use of goods or services. Ethnographers observe and record actual people's behaviour in real time instead of asking respondents to generalize about their behaviour during in-depth interviews (Arnould&Wallendorf, 1994).

Ethnography as an observation method compared to other qualitative methods such as focus groups and in-depth individual interviews offer a unique opportunity to generate strategic marketing insights. It is focused on a holistic approach and a comprehensive understanding of the investigated problem as well as the elaborated methodology of interviews (Arnould & Wallendorf, 1994; Moisander and Valtonen, 2006).

The ethnographers use the knowledge of the cultural environment. They do more than just a psychological evaluation of consumer behaviour when they examine the motives of purchasing and consumption. Market-oriented ethnographies "highlights the differences between what people do and what they say they do", and as a result find needs that have not been directly expressed (Light Minds, 2005). Ethnography helps to understand less conscious consumer behaviour and stereotypes in the lifestyle that respondents can consider obvious. The respondent is not exposed to an artificial situation and to an unknown environment and strangers in the case of group interviews. It shows real consumer's daily activities, wishes, beliefs and values (Arnould & Wallendorf, 1994). These facts are often missed with other research methods such as focus groups and questionnaires.

Ethnographic methods allow disrupting the standard form of "question-answer". It allows establishing a form of "comprehensive dialogue", which is closer to conversation than to a controlled polling. However, the form of comprehensive dialogue is very challenging for researcher who has to be ready to find the best possible questions in order to extract conceptual facts from the respondent (Kaufmann, 2010).

Ethnographic methods rather work with alternative ways of gaining knowledge but also include statistical methods in the evaluation phase of the collected data. Quantitative researchers once in a while question reliability of participant observation. They argue that different observers can record various observations. They simply consider observation as a part of research preparation (Mariampolski, 2006).

Ethnographers have a very critical approach to the newly acquired knowledge, using a variety of techniques to demonstrate the validity of the discovered facts (Arnould, Wallendorf, 1994). Because the roots of ethnography are located in anthropology, ethnographers are encouraged and well trained to avoid subjective evaluation of social situations and processes and prejudices within their observation.

3 Barriers to market-oriented ethnographies usage in the Czech Republic

Despite its exceptional contribution the ethnographic research is still used in very limited cases. The ongoing research characterises the key factors which build barriers to ethnographic methods usage in market research.

3.1 Methodology

In order to detect main barriers to ethnographic research approach the qualitative research method was chosen. The empirical study is based on in-depth expert interviews. Individual interviews enable to better understand the elements of obstacles which professionals mention towards ethnographies. The research design plans to collect in minimum fifteen expert interviews with marketing executives and marketing managers, researchers and moderators from market research agencies and academics: sociologists, psychologists, cultural anthropologists, ethnographers.

Every respondent from academic field has to be experienced in market or consumer qualitative or quantitative research field. There is a goal to realize in minimum 6 interviews with academics ideally with a combined knowledge from above mentioned specialization in science. Each respondent from marketing department has to have at least 3 years experience with qualitative researches and at least 2 experiences with ethnographic study. Professionals from market research agencies must meet the following recruitment requirements:

- Psychological or sociological background.
- In minimum five years experience in conducting qualitative research including focus groups and in-dept interviews.
- In minimum five years experience in conducting marketing ethnography in minimum 3 different market fields (B2B segment excluded).
- Ideally marketing background.
- Ideally international experience in conducting marketing ethnography on either mature or emergency market.

The realized interviews were conducted in most cases in the offices of respondents (mainly with marketing experts) or in neutral environment – in library (with some academics) or exceptionally in coffee bars (based on the request of respondents). The interviews were held with all respondents face-to-face based on semi-structured scenario. It enabled to keep similar approach to all respondents and also it gave to researcher significant space to dive deeper into new facts which occurred in almost every new interview.

Each interview was recorded on dictaphone recorder. Together with the detailed interviewer´s note were transcribed into the electronic form. The coding methodology was used in order to obtain the key points from already realized seven interviews. Three of them were realized with marketing professionals, three with representatives of research agencies and one with academic person educated in sociology and cultural anthropology.

One part of the scenario was focused on ethnographic methods which are used in local studies.

3.2 First findings

Numerous opinions and arguments were made to explain why marketing ethnography is still under evaluated method in market research. Respondents spontaneously evaluated not only existing barriers to marketing ethnography but also benefits of this qualitative method. Some of them enriche or develop the results of previously mentioned studies.

- Ethnography is very valuable tool in situation of "over-informed" brand managers. Marketers are sometimes not able to find out why they excellent products with a high quality perception are not perceived as premium representatives of the respective category.
- Ethnography is useful in market situations which are new for us or we do not understand them. And more in the moments when we want to break down clichés or change stereotypes.
- Two main areas for ethnography research study were recommended by research agency experts – socially sensitive topics and gender topics.
- Mothers of children not older than one year is one of the most fruitful target groups. Mothers on maternity leave are extremely communicative. They miss standard level of intellectual life and the diary analysis method gives them a way to formulate their deep needs and wishes.

First following principles which can limit wider usage or expansion of market-oriented ethnography is possible to identify:

- Every new research requires specific approach, ideally a pilot study, however observation methods are systematic. Market research agencies and in many cases also their clients (marketing executives) prefer standardized procedures with standard prices.
- Ethnographic research study has to be planned with sufficient time for the research preparation and organization on both the respondent and the researcher sides.
- The research questions have to be clearly specified and formulated.
- The recruitment criteria has to be selected very carefully, every mistake in this process is more time and money consuming than in standard focus group or face-to-face interview.
- Ethnographic studies and their evaluation and interpretation require a multidisciplinary involvement. Research agencies should hire or contract a well trained and experienced staff with anthropological background, sociological and psychological education, marketing knowledge, analytical skills.
- Ethnography takes a longer period of repeated interactions. Compared to focus groups ethnography is not possible to realize and evaluate in two weeks. Average fieldwork time is between four and six weeks.
- In order to get the right explanation of the observed behaviour the participant observation has to be combined with other methods.
- Ethnography requests a budget reserve, which could eventually cover any other survey or confirmation of unexpectedly discovered facts.
- Marketing executive and marketing managers have to be more educated in ethnographic approach advantages.
- Company management criticizes less measurable outputs. Managers do not believe this quite new method and they ask for findings confirmation by other quantitative methods.
- Managers complain about high costs and less experienced researches comparing with other qualitative methods.

Besides mentioned barriers requested experts from both agency and business fields can see a positive future development for marketing ethnography in the Czech Republic. Up to know respondents mentioned several methods which they use for local studies: diary method, audio or video recording, photography, participant observation and individual interview as a clarification method. Individual interview helps to explain pictures (atmosphere, objects), unclear notes or records. Experts recommend wide usage of photography instead of videos because picture analysis is much easier to realize than video analysis in terms of finding bridges between individual scenes.

Conclusion

Successful marketing is based on a solid understanding of why consumers make the decisions, how they identify a need or a want, how they gather information about their options, and how they decide what to buy. The main goal for every novelty is to target quickly and easily its consumers and make them purchase again and again.Marketing ethnography often brings new surprising findings and very valuable information for experienced marketing staff and research agencies too. This new modern research method is still used in very limited cases worldwide and in the Czech Republic too. First results of local ongoing research identified barriers which seem to be strong but not insuperable. The future studies can focus on ways how to eliminate unnecessary barriers either on research agency side or marketing executives' side.

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New Trends of Digital Marketing in Retail[75]

Peter Drábik – Róbert Rehák – Štefan Žák[76]

Abstract

The aim of this article is to analyse possibilities of application of modern digital marketing concept SoLoMo in retail. SoLoMo is abbreviation for combination of social media, location-based and mobile marketing. Organization that applies SoLoMo concept can obtain a plenty of opportunity. The article is dedicated especially to the specific area of SoLoMo application and it provides with concrete examples how to use SoLoMo in practice – with emphasis on retail.

Key words

digital marketing, in-store, geolocation, store locator, social media marketing, location-based marketing, mobile marketing

JEL Classification: M31, M39

Introduction

Based on results of Sociable Labs Social Impact Study we know that 62% of all online shoppers read product-related comments from friends on Facebook and 75% of these shoppers click through to the retailer´s site. 25% of consumers use mobile or location based services. The proportion of smartphone owners using location-based services has grown from almost 35% in less than a year to 74% in the year 2012 (Ruiz, 2013). On the basis of research study "Consumer Perceptions of Mobile Marketing for Strongmail" Ruiz (2013) says that 38% of smartphone owners were open to receive promotional messages via SMS when the messages were based on their location. This statistics reveals the opportunity of local marketing. Furthermore, local relevancy heightens consumer interest in receiving messages right where they are that is in contrast with unwanted e-mail/junk e-mail promotions.

Consumers today routinely contact brands multiple times using different devices and platforms, often for one transaction. 82% of smartphone owners have their phones with them while they are shopping in-store. Smartphones empower consumer behaviour. Often consumers know more about a product than a brand´s front line staff.

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At the present one of the modern trends of digital marketing is SoLoMo that can be considered as a major innovation in in-store marketing.

SoLoMo concept offers retailers a unique opportunity, how to reach the right customer with the right message, in the right time and place. What does SoLoMo means? It is an abbreviation that consists of first letters of three digital marketing elements: So (social media marketing), Lo (location-based marketing), and Mo (mobile marketing). Why is it important for retailers to focus on SoLoMo iniciatives? Consumers move between channels and platforms, they can check-in to a store using a location based app (for example Foursquare), redeem an offer, share a comment on that platform, immediately post an update to their Facebook timeline, all the while referencing retailer´s Facebook page. It is necessary "to walk in a customer´s shoes" and to listen to conversation because there is no "one size fits all" solution. Critical goal is still selling products or services but in a way that creates loyal consumers that will use more of what you have to offer and tell others their experiences.

1 Methodology

The paper is compiled especially on the basis of foreign literature sources by using some scientific methods – method of analysis and synthesis, induction and deduction, graphic and comparative methods. During compiling of this paper we could identify a problem concerning a lack of scientific papers worldwide and also no articles about our main topic of SoLoMo published in Slovakia.

The aim of this article is to analyse possibilities of application of modern digital marketing concept SoLoMo in retail. We focus not only on theoretical background of various possibilities how to apply SoLoMo in practice, but also on successful initiatives that were used by concrete retailers.

2 New trends in Retail

In – Store Geolocation

In-store geolocation enables every smartphone user to localize himself and website owners to interact with their clients inside a mall, airport, museum, station or hospital.

Location-based technology is becoming a must-have especially for retailers. The main objective is to drive consumer engagement and deliver personalized offers and content based on a customer's proximity to an in-store location.

Location-based services use three different levels of accuracy - vicinity to within a block or two (derived from GPS coordinates), presence (establishing that client is inside a given building or store) and department (pinpointing the exact location within a given store).

There are several ways for retailers to use in–store geolocation in their marketing strategies:

1. Providing comfort for customers - the primary advantage for users is to guide them to their points of interest: shops, service providers. Users should be able to optimize their course inside the store thanks to filters: e.g. people with limited mobility.
2. Gathering data and geo-targeting - the location awareness may be used to gather data and gives retailers possibility to apply this data to deliver custom experiences to their customers that utilize mobile commerce and merge the in-store and online experience.
3. Location-based promotion - personalized mobile offers or coupons can be delivered at a time and place most-likely to generate a purchase. In addition, combined with the possibility to share the information with friends via social networks, it increases the reach of e-word of mouth.

However, the most important benefit of geo-targeting for the retailer is being able locate an interested customer nearby, in real-time, with the ability to direct them to where they can make a purchase.

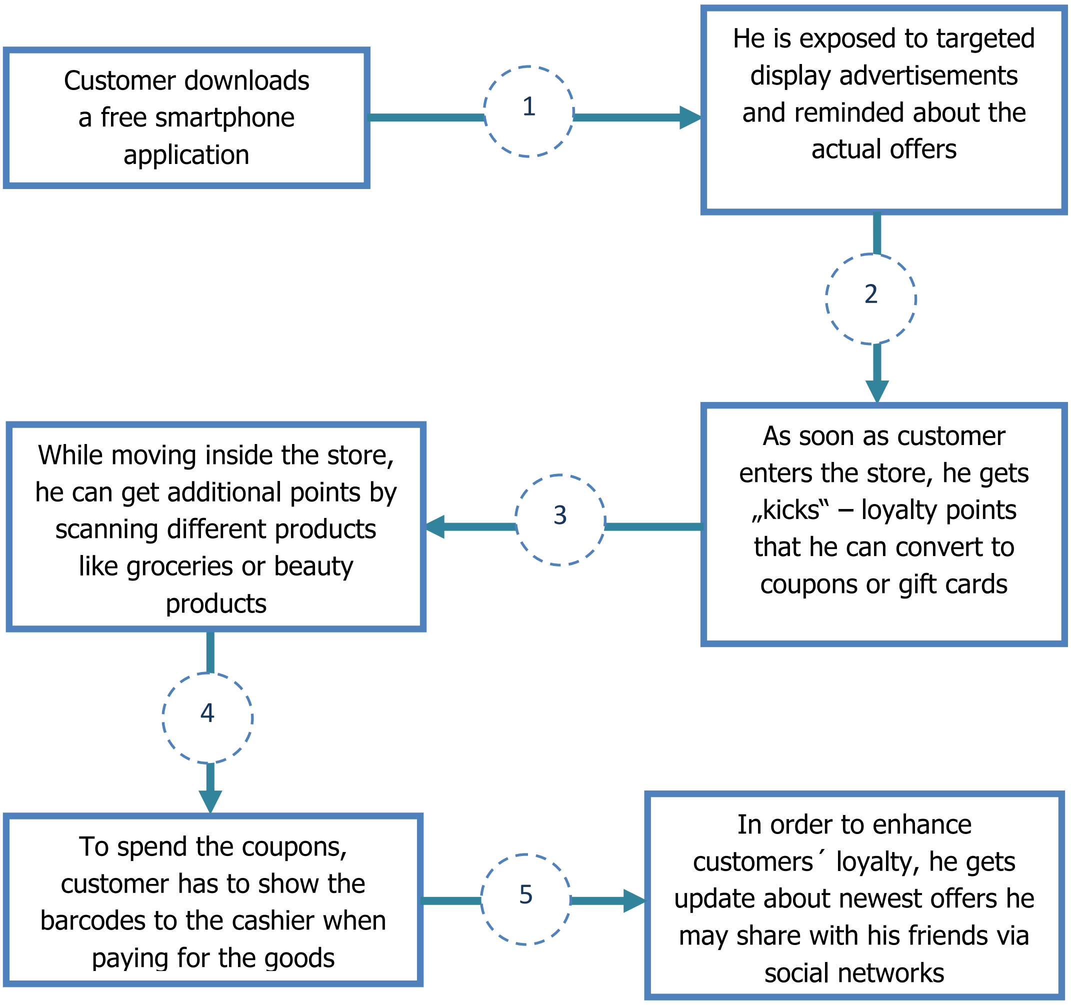
Example of in-store location-based reward system Shopkick

Shopkick has been launched in 2010 in US. It offers a location-based mobile application used by retailers to offer coupons to customers as they walk in the door. The aim is to enhance the shopping experience by offering loyalty points (convertible to gift cards and cash) just for walking into a participating store. The technology works by broadcasting an inaudible audio signal to smartphone microphones. It also enables retailers to gather data on foot traffic and browsing patterns.

More than 10,000 individual stores in US are now using Shopkick, among them Macy´s, Target or Best Buy. It now works with over 150 brand partners including P&G, Unilever, Mondelez, L'Oreal, Revlon, Pepsi, General Mills, and HP. Shoppers have earned $25 million and redeemed 7 million gift cards since Shopkick launched in 2010. They have scanned 70 million products, with 14 million scanned in the most recent quarter. People have viewed 4 billion product offers and walked into 35 million stores (Grant, 2014).

The procedure of rewarding customer based on his presence in store is described on Figure 1. The presented five step process reflects the rewarding system used by the retail chain Target developed with cooperation with Shopkick (A Bullseye View, 2012).

Figure 1 Using In-Store Geolocation to Enhance Customers´ Shopping Experience



Based on: A Bullseye View [online], 2012

Research Online - Purchase Offline

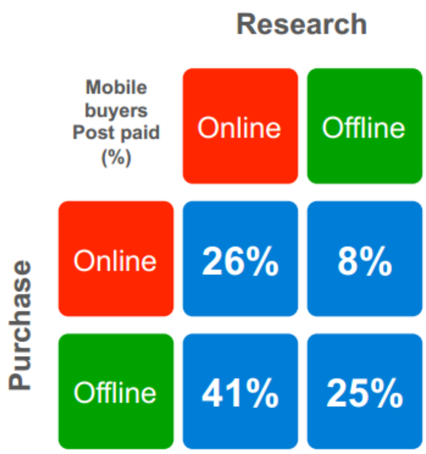
Looking back at the development of modern distribution, three stages of integration ICT into distribution channels may be distinguished:

- mono-channel distribution (1950 – 1998): refers to physical distribution with focus on traditional marketing channels,
- multi-channel distribution (1998 – 2010): world opens to e-commerce, development and diffusion of smart phones and other mobile devices,
- cross-channel distribution (2010 – …): with implementation of m-commerce and increasing popularity of SoLoMo, the relationships store - shopper is becoming much more complex.

Despite the fact that e-commerce and m-commerce are growing globally, 90% of purchases are made physically in stores. What is more important, 40% of these purchases begin by research made on internet. According to a research study made by Google (2012), 9 out of 10 purchases still take place offline, while 4 out of 10 purchasers prefer to "research online and purchase offline". Following statistics show how much influence is made online and to which extend in affects the consumer behaviour offline.

In 2011, Google analysed numerous case studies across Germany, France and U.K. with aim to measure the ROPO effect and the correlation between online advertising and offline sales. Figure 2 show results of this study which indicate, that ROPO clearly impact purchase behaviour – 41% of shoppers asked in study start their pre-purchase research online (on web sites, via search engines or paid online advertising) and buy the product offline.

Figure 2 How Do Consumers Research Information and Purchase Products?
(France, Germany and UK Together, 2011)

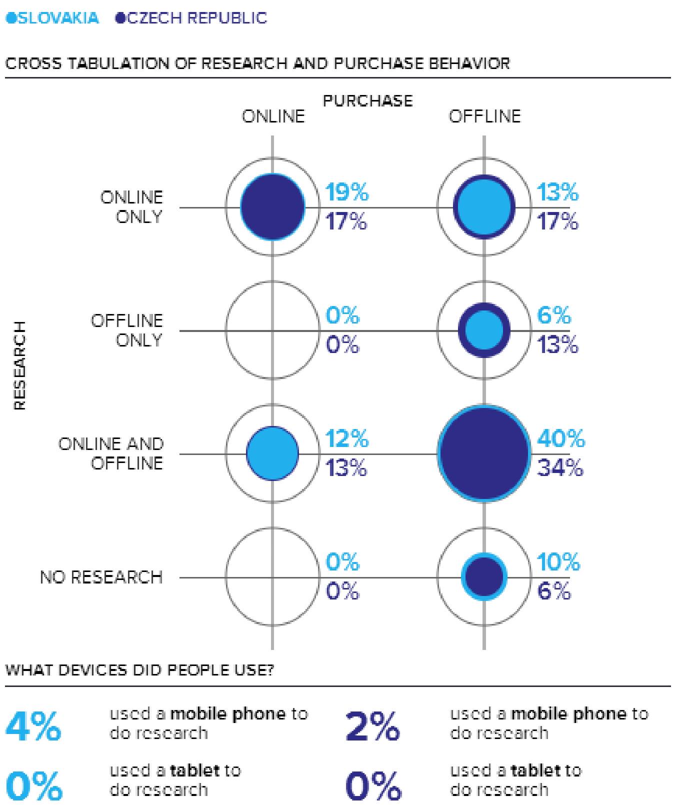


Source: Google Think Insights [online], 2011

In Slovakia, 24% of all purchases are made online (compared to 33% in Czech Republic). In order to show the ROPO impact on purchase behaviour, we chose the category of domestic appliances where already 31% of purchases have been made online in 2013 (compared to 30% in Czech Republic).

Figure 3 shows a similar trend in purchase behaviour as the Google study mentioned above – 40% of consumers do their research offline and online, and continue to buy the product in physical store. In addition, the percentage of people using their smart phones to research information on products is impressive – 4% is not a high number; however it is higher than in France (3%), Czech Republic (2%) and Germany (almost 0%).

Figure 3 How Do Consumers Purchase Domestic Appliances?
(Slovakia and Czech Republic Compared, 2013)



Source: IAB Europe – TNS – Google [online], 2013

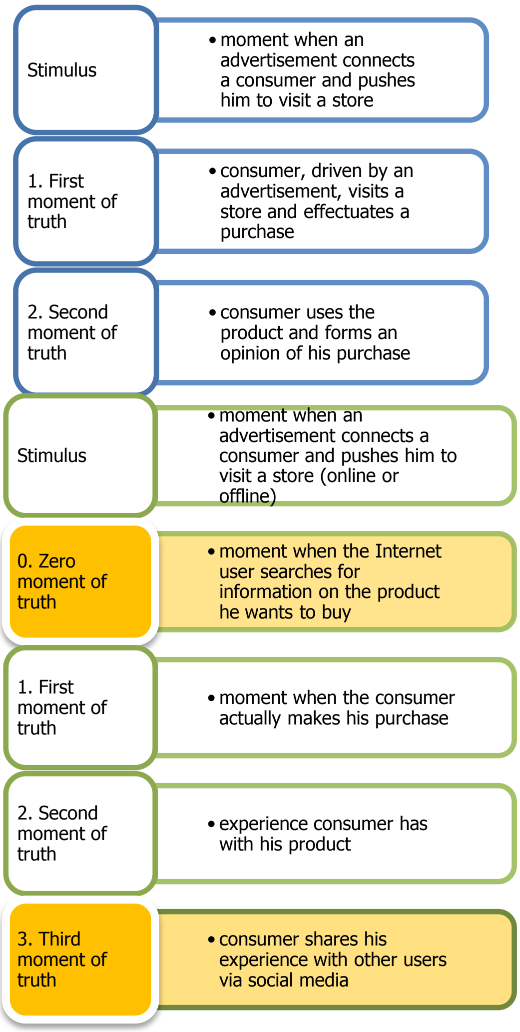
Figure 4 What Information Sources Did Consumers Use to Do Research?
(Slovakia and Czech Republic Compared, 2013)

Source: IAB Europe – TNS – Google [online], 2013

With the evidence on rising impact of online research on offline purchases, another question has been raised – what are the online information sources used by Slovak consumers. Figure 4 shows that the absolutely top ranked online information source used in pre-purchase research is manufacturer/retailer website or e-shop. For this reason, it is a necessity to firstly appeal to the consumer via the web sites where he can find information about product, price, availability and the nearest point of sale. Furthermore, it is crucial or manufacturer or retailers to be present on price comparison websites, as these are growing on popularity among Slovak consumers. Finally, they have to work on SEO and prepare for increase of the e-WoM effect via social networks.

As statistics show, recently it has become a necessity to firstly appeal to the consumer on the web, and then encourage him to come to the store. This process of instant online product research has been defined by Google (2012) as the Zero Moment of Truth (ZMOT). ZMOT refers to a new mental paradigm that shoppers have adopted thanks to the evolution of social media and Web accessible mobile devices (Figures 5).

Figure 5 The Old and the New Paradigm of Consumer Purchase Process



Source: ZMOT Handbook, 2012

Store Locators – a tool to generate leads for brand and retail

The Store Locator is a service that enables consumer when searching for a product to access the nearest retail store. It can be offered on a website (classic or mobile) or in form of mobile application. With the so-called ROPO phenomenon, the Store Locator is often a point on web site where the first contact with customer is taking place. Especially in cross-channel systems, it is a transition between online and offline world – a virtual entry door to a store. Visitors, who consult Store Locators, represent prospects with a high level of purchase intention. They should obtain reliable information on addresses, telephone numbers, opening hours, products sold, email, subscription to a newsletter, and the location in map.

Since local searches are made when the person is mobile, it must be possible to consult this service on any device. In general, Store Locators enable consumer to identify the closest point of sale based on GPS location, ZIP code or address. It can also indicate the nearest store having the desired product in stock. Sometimes additional service is offered - a route planner guiding the consumer right to the store.

Store locator can be used as a tool to unify marketing strategies in cross-channel environment, helping to reach synergies among several points of sale, both digital and physical, belonging to the same retail chain. The advantages of using Store Locators are numerous (AdVentory, 2013):

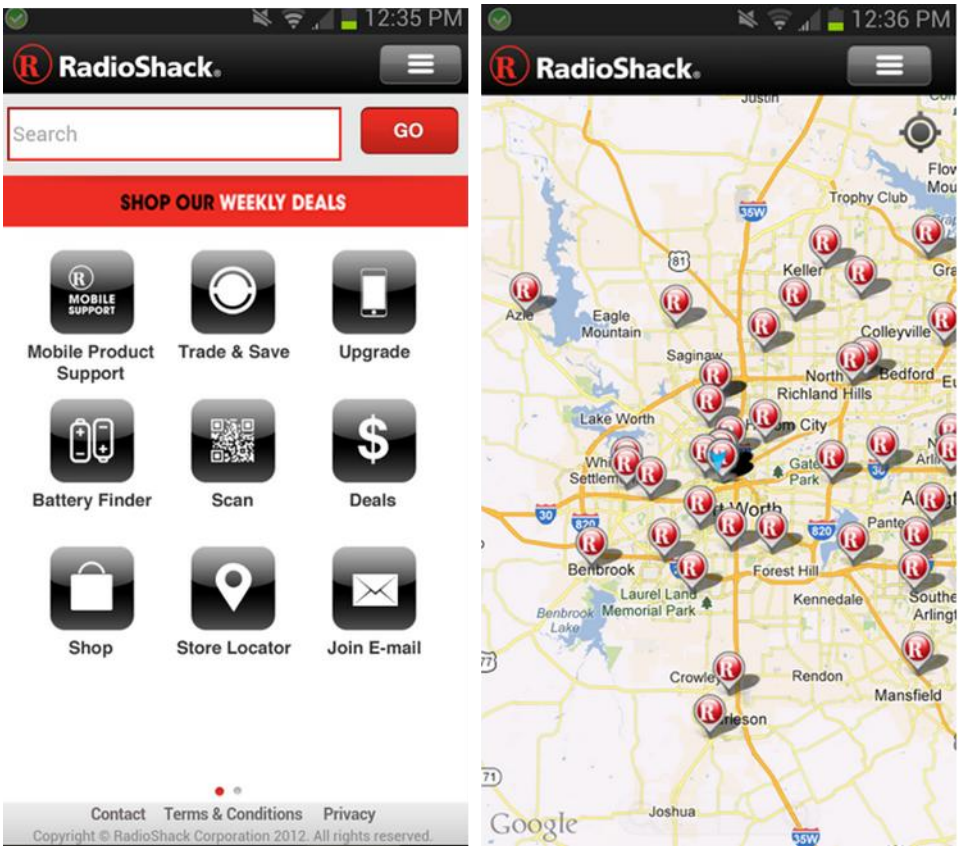
- it enables to establish a close link between the brand, its network of retailers and its buyers and reduce the last obstacle to buying – respond to compulsive buying needs,
- it improves the SEO of a website or e-shop and limits the possible bounce rate - for this, the Store Locator must respect good SEO practices: dedicated URL content that is local and specific to each town or each store,
- it can provide additional space for "push" communication strategies,
- it creates synergies between national sales policies and local ambitions,
- it brings together physical network and e-commerce strategy of a manufacturer or retailer,
- by tracking internet users, it provides useful information to refine the customer knowledge.

Mobile Store Locator – the Case of RadioShack

RadioShack is a U.S. leading franchise of electronic retail stores. It offers innovative technology products and services, as well as products related to personal and home technology and power supply needs. In 2014, it has operated a network of 4,700 company-operated stores across the United States and Mexico and approximately 1,000 dealers and other outlets worldwide.

RadioShack sells more than six million mobile devices a year, therefore to boost the relationship with customer their goal is to create an engaging, innovative and customer centric mobile experience through mobile marketing, mobile website and mobile applications (Google Think Insights, 2013). As there is a RadioShack store within 8 km for approximately 90% of U.S. population, they decided to focus on mobile marketing strategy and offer multiple features for mobile users enabling them to quickly reach the right product of service on the right place.

Figure 6 Screenshots of the RadioShack Mobile Application with Store Locator



Source: Google Play [online], 2013

The mobile marketing strategy is based on following operations:

- creation of easy and fast-loading mobile site,
- touch-optimized mobile store locator with click-to-call and GPS functionalities (Fig. 6),
- applying a holistic vision of mobile user – mobile users are exposed to multiple channels simultaneously on tablets and smart phones,
- refining knowledge about the mobile user and the behavioural path of customers from the initial research phase online to the final purchase stage offline.

Understanding mobile-to-store attribution and assigning higher value to SoLoMo resulted in several improvements:

- 36% of clicks on store locator are coming from mobile devices;
- The average order value of mobile customers has increased by 30% since the optimized mobile site was created;
- The costs per conversion on mobile decreased by 5%;
- Internal studies show that 40% to 60% of people who used store locator on smart phone or mobile device actually visited a store;
- 85% of customers who utilize store locator and have intent to purchase a product, make a purchase in store.

Conclusion

SoLoMo as a new trend of digital marketing is an intersection of social media, local merchants using location-aware technology for advertising and mobile device usage. It is becoming more popular amongst retailers, marketers and consumers because almost everyone now has a smart device and more people are becoming more familiar with social media technologies. Nowadays more and more consumers own a smartphone that is always on, connected to the Internet and in the pocket of its owner. Secondly, people use their smartphone to search for product and services. And in the majority of the case, this search results in that consumers visit stores after such a search. Furthermore, smartphones allow consumers to perform local search. Meaning that they are looking for products and services around the place where they are. In order to answer the local requests from customers, retailers must provide an easy way to find their stores. A storelocator is the first component that should be on any retailer's mobile site.

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Selected determinants of the external environment of the educational institution

Hasprová Mária[77]- Lipianska Júlia[78]

Abstract

The education process is undoubtedly the most important process on the way to meet the needs of the individual and society. In all developed economies is seen as an important facilitator of economic recovery, increasing international competitiveness, enhancing economic growth and living standards of the population. The aim of this paper is based on the comparison of the sources of domestic and foreign literature to analyze the selected attributes of the external environment of the educational institution, to justify the importance of these attributes and then select to identify trends in the external environment of the educational institution.

Key words

Educational institution, external environment, demography, science and research, employment

JEL Classification: I21, J10, J24

Introduction

Education is a key factor of creating human personality and the prerequisites for its full life. It is a universal human value and its objectives are derived from the individual but also societal needs. In all advanced economies education is understood as an important facilitator of economic recovery, international competitiveness increase, economic growth enhance and living standards of the population. A highly qualified and educated manpower is a fundamental prerequisite to a high level of innovation and competitiveness of each economy.

Changing labor market conditions, technological development, innovation, methods of communication, expression and society culture, require constant improvement and innovation of the educational process (Drábik, 2013, p. 164).

The aim of this paper is based on the comparison of knowledge of domestic and foreign literature and to analyze selected determinants of external environment of the educational institution, to justify the importance of these determinants and subsequently to identify selected trends in the external environment of the educational institution.

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1. Methodology

The issue of education and training has now been clearly linked to employment policy, science policy, research and innovation, but in particular to the policy of economic growth and competitiveness strategies of the European Union and its Member States. This is cogently reflected in the Europe 2020 Strategy, which primary goals are focused on:

- Smart growth - developing an economy based on knowledge and innovation,
- Sustainable growth - promoting the economy less resource-intensive, greener and more competitive,
- Inclusive growth - promoting high-employment economy that delivers social and territorial cohesion.

In the future, the role of education policy will be to ensure increased qualification workforce levels. This overall strategic goal of the Europe 2020 Strategy is instantiated in two partial objectives by establishing a reduction below 10% share of early school leavers and the achievement of a 40% share of population in the age group between 30-34 years who have completed university education. If we look through the prism of these two objectives not only the Slovak population as a whole, but separately on the Roma community, we see the discrimination degree and deplorable initial situation of this ethnic group as a part of the aggregate labor supply in Slovakia (Košta, 2012, p. 163).

All Member States of European Union, despite the significant differences, face the same types of problems that led the European Commission to prepare a strategy focused on university education modernization as a motive power of competitiveness, innovation, social cohesion, economic growth and employment in Europe. In the European Union budget period for years 2007-2013, there were allocated in education and training (including mobility programs) nearly 7 billion Euro, but during the budget period of the Union for years 2014-2020, the European Commission proposes to allocate about 73% more, i.e. more than 15 billion Euro, in the interests of almost doubling the current 400,000 recipients of European Union grants from among the students, teachers and researchers to study and train abroad (Žák - Čiderová, 2011, p. 760).

"Education and Training 2020" (E&T 2020) is a new strategic framework for European cooperation in education and training. Its main objective is to support European Union Member States in further development of their education and training. These systems should allow all residents to better realize their potential and ensure a sustainable economic prosperity and employment. Long-term strategies of education and training policy in the European Union are mainly the following:

- Convert lifelong education and mobility into a reality.
- Improve the quality and efficiency of education and training.
- Promote equality, social cohesion and active citizenship.
- To increase creativity and drive innovation, including entrepreneurship, at all levels of education and training.

The Council of the European Union within the strategic framework of E&T 2020 adopted an updated set of benchmarks to be achieved by 2020.

Table 1 European Union benchmark in E&T 2020 for year 2020

European Union benchmark for year 2020	**The current average level of the European Union**
1. The proportion of those who have dropped out of education and training should be less than 10%.	13,5 % (2011)*
2. The proportion of fifteen achieving low-levels in reading, mathematics and science should be less than 15%.	19,6 % in reading (2009)**
3. At least 95% of children aged between 4 years and the start of compulsory education should participate in early childhood education.	92,4 % (2010)*
4. The proportion of 30-34 year olds who have achieved tertiary education should be at least 40%.	34,6 % (2011)*
5. Average not less than 15% of adults should participate in lifelong learning.	8,9 % (2011)*

Source: * Eurostat, ** Eurostat forecast.

As a part of the "Europe 2020" Strategy, the Commission proposed seven main initiatives to accelerate the progress under each priority theme, among two of them have direct relevance to education and training (Hasprová - Žák, 2011):

- The "Youth on the move" initiative within the strategic priority of "smart growth" is aimed to enhance the performance of education systems and to facilitate the entry of young people into the labor market. The aim is to improve results and increase the quality and international attractiveness of European higher education system by promoting the mobility of students and young professionals. In the concrete, for example, job offers in all Member States should be readily available all over the Europe and professional qualifications and experience should be properly recognized.
- The "Agenda for new skills and jobs" initiative within the priority of "inclusive growth" is aimed at creating the conditions for modernizing labor markets with a view to raise employment levels and ensuring the sustainability of our social models, while baby boomers generation begins to retire. This means empowering citizens through gaining new skills to current and future workforce that helps them to adapt to new conditions and potential career shifts, reduce unemployment and raise labor productivity.

2. Findings

Educational institution in the management process must also deal with the analysis of the external environment in which it operates. This environment consists of the actual factors and influences which determine the ability of the effective exchange with the target market. Each environment in terms of marketing management organization applied to it the same way, whether positive or negative, and this affects its behavior. If the university wants to be successful, it should try to analyze all the effects at the same level, to know the direction of their influence and use them to their advantage. However, we must remember that not all impacts can be checked in time, which is why it can mean a threat to the given institution and for another institution it can mean an important opportunity.

Demographic environment

Population structure, its level of education and qualification facilities, is an important prerequisite for economic development and the ability of further innovation-based development, because only educated and skilled people are able to apply new know-how that brings the knowledge society. The quality of human capital is expressed as a share of higher education and upper secondary education to the total population.

A population census in 2011 brought further extremely accurate and important evidence that Slovakia has made some progress in building the knowledge society. Comparison of results of 2001 and 2011 clearly says that group of citizens with higher education in our society increased over the previous period. The number of citizens with secondary education increased about 6%, on the contrary, the number of people with basic and vocational education decreased by over 12%. Almost 5% increase is recorded by a group with secondary education with graduation. Higher education observed growth at each stage of the study. The number of people with completed doctorates increased by nearly 100% over the past decade. Bachelor's and master's degree is used by almost 6% more citizens of the total population than ten years ago.

Table 2 Percentage of the total population structure according to the highest level of educational attainment

Education	**2011**	**2001**
Basic	15 %	21 %
Apprenticeship	13,4 %	19,7 %
Secondary vocational	9,7 %	3,8 %
Apprenticeship graduation	3,5 %	4,7 %
Vocational secondary graduation	20,2 %	15,7 %
Full secondary	4,4 %	4,7 %
Higher professional education	1,5 %	0,5 %
Bachelor's Degree	2,3 %	0,3 %
Master/Engineer	10,8%	7,1 %
PhD.	0,7 %	0,4 %
Without education, including children	15,7 %	20,4 %
Not specified	2,8 %	1,6 %

Source: Results of SODB 2011, Statistical Office of the Slovak Republic

This growing trend is also expected to continue in the following years, as increasing number of people with higher education is established by the European Union as one of the objectives of the Europe 2020 strategy. There are expected higher criteria on colleges and universities to graduates knowledge and study programs will also be revised for graduates with a university degree to find easier application on the labor market.

Economic environment

Slovak Republic has one of the lowest levels of investment in education in proportion to GDP in the European Union. The result is a low quality of education, which has a negative impact on employment and research and innovation potential of the country.

Very high rate of youth unemployment (belongs among the highest in the European Union) is a reflection of the current economic situation and discrepancy between education and training and labor market needs. High unemployment rates of graduates of vocational education and training as well as problems with employment possibilities of graduates of higher education shows that education and training systems are not able to respond to demands of economy. Adult participation in lifelong learning is among the lowest in the European Union.

Employment rates in Slovakia are lower than the European Union average for both genders and for all ages. Long-term unemployment (9.2%) is among the highest in the European Union. It exists in addition to labor shortages and concerns mainly unskilled workers. The demand for these workers is likely to decrease. The youth unemployment rate increased significantly during the crisis and in 2011 reached 33.5% (European Union average is 21.4%). Long-term unemployment among young people in Slovakia is the highest in the European Union (54.4% versus 30.1%) and it reflects the low employment chances of young people and insufficient linking between education and labor market needs. The employment rate of older people (55-64) is well below the European Union average and the possibility of their employment is unfavorably affected by lack of access to lifelong learning.

The high unemployment rate of young people aged up to 25 years in the long term unfavorably affects the economy. If young people can´t enter the labor market after completing secondary and higher education, they are forced to travel abroad for work or remain unemployed in Slovakia. A negative of high unemployment is a motivation of leaving for work abroad permanently. Often it may be educated people without sufficiently high rating in our market (Červenka, 2013). The following table 3 shows the development of youth unemployment during the period 2002-2012.

Table 3 Unemployment among young people under 25 in Slovakia

Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Unemployment %	36,4	33,0	32,7	30,0	23,0	19,7	19,9	32,7	33,6	32,9	35,3
GDP growth %	4,6	4,8	5,1	6,7	8,3	10,5	5,8	-4,9	4,4	3,2	2,6

Source: Eurostat, 2002-2012.

The low level of education does not help with above said problem. Education often does not match the demand in the labor market and for graduates with the qualification there are not enough vacancies. The Slovak labor market is characterized by many peculiarities. There can be found many differences between labor market in Slovakia and in other European Union countries. In Table 4 we can see the essential characteristics of the labor market in Slovakia and their comparison with the OECD average.

Table 4: *Comparison of the Slovak labor market with the OECD average*

		SR 2001	**SR 2011**	**Average OECD 2011**
Unemployment rate	% of workforce	19,3	13,6	8,2
Youth unemployment	% of the labor force (15-24)	39,1	33,2	16,2
Long-term unemployment	% of total unemployment	53,7	63,9	33,6
Employment rate		56,9	59,5	64,8
Employment rate of women	% of women aged 15-64	51,8	52,7	59,7
Employment of older people	% of population aged 55-64	22,3	41,4	54,4
Part-time employed	% of total employment	1,9	4,0	16,5
Employment growth	% change from previous year	0,9	1,6	1,2
GDP growth	% change from previous year	3,5	3,4	1,8
Wage growth	% change from previous year	- 0,1	- 1,4	0,6

Source: PRUŽINSKÝ, P. 2012. Trh práce a problém dlhodobej nezamestnanosti v slovenskej ekonomike. In: International scientific conference for doctoral students and young researchers. EDAMBA 2012. Bratislava: Vydavateľstvo EKONÓM, 2012, s. 956.

In Slovakia there is huge problem of youth unemployment. This problem is most reflected in graduates who often have great difficulty with entering the labor market and they become unemployed. The main problem is high school graduates. They become unemployed very often when they are out of school. Lack of Slovakia is almost complete absence of lifelong learning, and even if such programs exist, the interest from long-term unemployed is minimal.

Technological environment

Innovation in research and development in Europe is below 2%, compared with 2.6% in the U.S. and 3.4% in Japan. Mainly the reason is a lower level of private investment. Not only the absolute amounts of investment in research and development is important, but Europe needs to focus on the impact and composition of research spending and to improve the conditions for research and development in the private sector in the European Union. Our low proportion of firms in high-tech field explains half of our difference in comparison with the U.S.

Primarily, European Union efforts are through the active support for science, research and education approach in this area the U.S. and Japan. The current situation, however, is pessimistic in deteriorating level of the European economy compared to the U.S. and Japan, especially in the area of research and development. In this connection we can identify a number of general problems. While in the 80´s of the 20-th century, we may have seen particularly dramatic rise of Japan and the other economies in hardware technology area, in the 90´s of the 20-th century the U.S. have developed in the field of software and especially confirmed its dominant position in cognitive sectors by dissemination of information and communication technologies (ICT) in the service sector. At present Japan and other East Asian countries (former Asian Tigers) maintain its dominant position in hardware components, while the U.S. keeps lead in software components. Unfortunately, the European Union does not play a significant role in either area, and only with difficulty is able to compete. Nowadays this match appears to be an effort of individual players, rather than collective European spirit effort.

One of the possible starting points is to find your own path and direction in the field of new, innovative technologies, whether ICT, biotechnology, biomedical, etc. (Čajka, 2007, p. 22).

According to the OECD[79] report (Education at a Glance 2012: OECD Indicators), OECD countries spend on education on average 6.2% of gross domestic product, while the situation in individual OECD countries is different. More than 7% of gross domestic product was spent on education in Denmark, Israel, South Korea, Iceland, New Zealand and the USA. In contrast, in the Czech Republic, Hungary, Italy and Slovakia it was less than 5%. Only four countries spent to higher education less than 1% of gross domestic product: Brazil (0.8%), Indonesia (0.7%), Slovakia (0.9%) and South Africa (0.6%), while OECD average is around 1.6%. OECD countries give on average 13% of total public expenditure on education. Slovakia lags also in this area. Along with the Czech Republic, Japan and Italy it is less than 10%. Expenditure on education in 21 European Union Member States, which are included in the report, in 2009, amounted to an average of 9 122 USD (7 134 EUR) per year per student from primary to tertiary education. It is slightly less than the OECD average, which was 9 252 USD (7 236 EUR). Among V4 countries, Slovakia had the lowest average annual expenditure per student.

The report of the World Economic Forum[80] indicates that the capacity for innovation in Slovakia is one of the lowest in the European Union. Moreover, while the use of information and communication technologies (ICT) is increasingly (15th place), its impact is still low (25th place). Environment support for ICT is also the lowest in the European Union. The top positions were placed Scandinavia, followed by the Netherlands, Austria and Germany. At the top of the list is Sweden.

As pointed out by Nikolaus van der Pas (2005), the main causes of educational gap in Europe lie also in the following problems:

- Excessive uniformity of the educational system: it is the lack of flexibility and diversity.
- Isolationality: insufficient links between research/development and practice, respectively firms.
- Too much control: often one of the reasons why universities can´t modernize is the excessive state regulation.
- Underfunding: the funds spent on research and development in Europe are incomparably lower than in "its" competitors. The European Union would inevitably need to spend 150 billion Euro (cause of underfunding, not only in research and development area is the fact that around 80% of European Union GDP is spent on agricultural policy and other structural operations) per year to bridge this gap.

Conclusion

The European Union is moving towards learning society, it means the society that will invest in knowledge, teaching and learning, in which each individual builds its own qualification. There are 5 general objectives that should support this idea, which are designed to: encourage the acquisition of getting new knowledge; ensure close cooperation between schools and enterprises; fight against

[79] Publikácia OECD porovnáva na základe širokého rozsahu indikátorov stavy jednotlivých vzdelávacích systémov v krajinách OECD, ako aj v krajinách s rozvíjajúcimi sa ekonomikami. Indikátory poskytujú informácie o ľudských a finančných zdrojoch investovaných do vzdelávania, poukazujú na spôsoby fungovania a vývoja vzdelávacích systémov a porovnávajú, v akej miere sa naspäť vracajú náklady investované do vzdelania v podobe zamestnanosti a výhod plynúcich z vyšších príjmov. Porovnáva, aké šance majú deti získať vysokoškolské vzdelanie z rodín, v ktorých rodičia majú alebo nemanú vysokoškolské vzdelanie, ďalej sa venuje rôznym rodovým otázkam, integrácii detí migrantov do vzdelávacieho systému a spoločnosti.

[80] Podľa správy Svetového ekonomického fóra sa slovenská ekonomika v roku 2011 v rebríčku konkurencieschopnosti spomedzi 27 členských štátov umiestnila na 22. mieste.

exclusion from the labor market; develop proficiency in three languages of the European Union and pay equal attention to both capital investment and investment in training.

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Marketing strategies of retailers for seniors´ segment[81]

Dagmar Lesáková[82]

Abstract

Seniors represent large and constantly growing group of consumers. They form potentially significant market segment for the near future. According to the Office of National Statistics in Slovakia, this segment accounts for nearly a fifth (19 %) of the Slovak population and is expected to grow in the next decade due to decreased fertility and increased longevity. An aging population has implications for pension policy, healthcare policy but also marketplace policy. In spite of the scope of senior´s group, little attention was devoted to this segment from a retail industry in Slovakia and more research to identify their shopping behaviour is required in order to suggest relevant actions.

Older consumers are - because of age - more experienced, request more information about the products than do younger customers and have enough time to verify the obtained information. Their time spent on purchase decisions is longer in comparison with a young buyer. Senior customers have different concerns, needs and desires to compare with younger people when they choose shopping places and stores. Such attributes as store location, low prices, smaller package sizes, staff courtesy or easy access to the stores, etc. cause satisfaction or dissatisfaction of older shoppers.

To communicate more effectively with this segment the retail industry needs to understand older consumers. Considering the need for understanding this market segment the purpose of our paper is to to identify shopping requirements of the seniors market. In order to serve seniors effectively, retailers need a clear understanding of theseniors needs and wants.

We raise questions: „what are the factors that influence seniors decisions in grocery stores" and „what are the motives for particular store selection".

Key words

Seniors, schopping behaviour, buying decision, store choice.

JEL Classification: **M20**

Introduction

There is a tendency in the practice to treat everyone over 60 years old as „a one-dimensional, monolithic market", despite the literature and research on „the diversity and richness of the old age and seniors consumer behaviour" (Schiffman, Kanuk, 2004).

With the successive age people become more diverse. As a result within the large seniors market exist smaller subsegments (subgroupings), requiring different marketing strategies. Responding to the dramatic demographic changes involves an understanding of the growing diversity within the older population.

Older people have less in common with each other than younger people have with their peers, because they are no longer driven by the career, family formation and children. Neither do they live with the unifyinig influence of global media and new technologies that creates such commonality

[81]The paper was conducted within theResearch project VEGA 1/0612/12 „Determinants of the level, structure and trends in the consumption and consumer behaviour of seniors in Slovak Republic"

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among younger generations. There are some characteristics of older consumers that differentiate them from the younger consumers. These include: tendency to risk avoidance, greater leveles of store loyalty, prioritising functionality, convenience and simplicity of products. These characteristics have implications for retailers (Solomon, 2004).

Many researchers (Kopaničová, 2012; Lesáková, 2010; Richterová, 2011) have emphasided the importance of understanding the heterogeneous nature of the senior´s market. They note that more life experience results in a wider range of personality-shaping aspects that produce greater heterogeneity to compare with younger age segments. The complexity of this segment indicates that it may be more difficult to successfully target the whole 60+ segment than examining needs and preferences of smaller subgroupings within this segment.

Within the existing literature there is agreement that low prices, attitudes of service staff, avoiding long queues at checking points and accessibility of products on shelves are particularly important to seniors shopping. It is also important for seniors that shopping places are clean and have easy access.

In next sections the importance of factors influencing seniors decision-making in selection of shopping place is explored, based on the results of interviewing focus groups.

1 Goals and methods

To communicate more effectively with this segment the retail industry needs to understand older consumers. Considering the need for understanding this market segment the purpose of our paper is to to identify shopping requirements of the seniors market. In order to serve seniors effectively, retailers need a clear understanding of theseniors needs and wants.

Two main goals were stated as key for our research: 1) the identification of preference factors in the choice of a shopping place for grocery products by seniors and 2) selection of factors influencing seniors decisions in grocery stores. We raise questions: „what are the factors that influence seniors decisions for particular store selection and what are the implications for retail management".

The role of grocery industry is extremely important as food represents an essential component of health and wellbeing (Lesakova, 2011). The development of the grocery retail industry has brought many store options for shoppers in terms of size, location, product range and customer services (Majaro, 1991). In this context there is an essentialquestion, why seniors choose and prefer a certain store to others.

To explore views and opinions of older consumers in relation to preferred place of shopping, 2 focus groups, each of 5 participants, were created. Questions regarding choice of a particular store and patterns of shopping were raised. Based on the results from the focus groups, a questionnaire was developed and distributed to 126 seniors. Both focus group interviews and questionnaire survey took place during February and March 2012.

In order to indicate the key characteristics in the shopping behaviour of seniors, all respondents were divided into three smaller segments according to their chronological age: seniors aged 60-69, seniors aged 70-79, seniors aged 80+.

The principle purpose of the research was to determine factors affecting store choice and shopping behaviour of older people. Recommendations on how the retail industry could respond best to this were developed based on the empirical outcomes.

The preference factors in store selection were measured by asking the respondents to indicate whether or not each of 13 factors was important to them for prefering a specific store (see Table 1). They were asked to indicate as many factors as they need. The factors were grouped into five categories representing the key policy areas of retailers: price policy, product policy, communication policy, staff policy and store accessability with store characteristics. The percentage given in Table 1 is the proportion of the subsample indicating the particular factor.

2 Results and discussion

Customers may prefere stores for a number of reasons (Gardner, Sheppard, 1989). Thirteen store choice attributes were explored in our research: price level, price discounts, quality of products, sortiment structure, familiarity of brands, knowledge and courteousy of staff, products display in stores, location and access to stores, cleanliness in stores, advertising and peers influence to visit the store.

Some of the attributes have been reported in the literature: adequate access to and within the store, price-level, discomfort associated with queuing. Courtesy and behaviour of store staff are described in the literature also to be an important aspect.

Respondents were asked to indicate wheather each of the 13 factors applies to their decision to select a certain store. Responses given by older shoppers (over 60 years) are summarised in Table 1 and Table 2.

The results show that the perception of the importance of the 13 factors in choosing stores changes with age, as indicated by our 3 subgroupings of seniors (Table 1).

Table 1 Importance of factors in store selection by senior subsegments (in %)

Factors	Age subsegments			
	60-69 (n=62)	70-79 (n=39)	80+ (n=25)	Mean
Price policy				
Low prices	82,4	86,5	94,9	87,6
Price discounts	80,9	83,9	94,9	86,6
Product policy				
High quality products	70,4	64,2	60,2	64,9
Broad sortiment	66,9	62,5	40,2	56,5
Carry brands familiar to seniors	63,7	69,2	83,7	72,2
Staff policy				
Knowledgeable staff	67,4	66,6	69,1	67,7
Staff helpful, courteous	69,0	69,2	69,1	69,1
Store characteristics				
Location near senior´s home	63,7	72,1	87,7	74,5
Easy access to entrance / exit	48,0	62,9	73,0	61,3
Products display in store	55,5	55,1	51,2	53,9
Cleanliness in store	46,4	47,2	44,6	46,0
Communicatio policy				
Advertising	50,3	35,1	30,5	38,6
Recommendation by same-age people	58,6	62,5	67,7	62,9

Source: own calculation

Younger seniors place highest importance among all subgroups on aspects of product policy and lowest importance on aspects of price policy. Aspects of brand familiarity or store location were considered less important for them, probably because they have the transport means to be flexible in store choice.

In generally, seniors aged between 70-79 years are price-sensitive, cautious, with high sensitivity for staff courteousy (highest value among all subgroupings). Large differences were identified between 60-69 age group and 70-79 age group in accessability factors and communication policy.

The oldest seniors place in their store choice highest value to price and store accessability. Shoppers in this group were found often living alone, female, with a lower socio-economic status. As a result of restricted mobility and economic situation, these seniors would give up most aspects of store offerings to the „accessibility" requirements and lowest possible prices. While they placed high emphasis on price aspects, it was secondary for them the breath of assortment or quality of products.

Based on Dunn Test 4 groups of factors were indicated across all age sub-groups (Table 2):

A (most relevant factors): low prices, price discounts, brands familiarity, location near one´s home

B (very relevant factors): products quality, easy access to store, knowledge and courteousy of staff, recommendations by others to visit the store

C (relevant factors): breath of sortiment, products display in store

D (slightly relevant factors): advertising.

General results for the whole segment of seniors without differentiating into subsegments (Table2) indicate that low prices were mentioned by nine in ten of seniors as a reason in their decision to patronize certain stores. Price proved to be the most important factor in buying decision in all subsegments. The same applies to price discounts.

Further, nearly three quarters of all senior respondents indicated that the location plays an important role to their decision to select a certain store. Location near the respondent´s residence is highly influencing factor. More than two thirds of seniors in all subsegments indicated that their preference was motivated by the availability of familiar brands or items.

Table 2 Factors influencing store selection by seniors as a whole (in %)

Factors	All senior subsegments						
	Frequency	Mean of importance	Groups of factors				p
			A	B	C	D	
Price policy							
Low prices	126	87,6	x				p<0,001
Price discounts	126	86,6	x				p<0,001
Product policy							
High quality products	126	64,9		x			p<0,001
Broad sortiment	126	56,5			x		p<0,001
Carry brands familiar to seniors	126	72,2	x				p<0,001
Staff policy							
Knowledgeable staff	126	67,7		x			p>0,001
Staff helpful, courteous	126	69,1		x			p>0,001
Store characteristics							
Location near senior´s home	126	74,5	x				p<0,001
Easy access to entrance / exit	126	61,3		x			p<0,001
Products display in store	126	53,9			x		p>0,001
Cleanliness in store	126	46,0				x	p<0,001
Communication policy							
Advertising	126	38,6				x	p<0,001
Recommendation by same-age people	126	62,9		x			p<0,001

Source: own calculation

There was a high level of agreement amongst respondents that sales staff is of importance to older customers.

The views and opinions presented by older shoppers should be of concern for the store managers and store staff, in order to satisfy effectively the needs and wants of seniors and to gain their loyalty.

2.1 Marketing mix elements in store selection by seniors

Staff policy

The staff was described as a very important determinant of the satisfactory shopping experience for older people.

Both two factors representing staff policy were considered important by about 66 to 69 per cent or more respondents (Table 1). Slightly larger percentage rated courteous and friendly staff higher than professional knowledge of the retail staff. Several respondents mentioned the quality of service received in the past by small specialist stores as a strength and an opposite to non-personal type of store culture in recent years.

It is symptomatic that the courteous, friendly and helpful staff is considered equally important by all three subgroups.

Product policy

In the category of product policy importance of two factors declines with successive age: quality of products and sortiment´s breath. On the contrary, brand familiarity shows an increase with age: a larger percentage of older seniors than younger seniors values their familiarity with brands.

A larger percentage of youngest subsegment (66,9 percet), in comparison with 40,2 percent in oldest subsegment prefer stores because of their sortiment. Seniors putting emphasis on sortiment (60-69 years) expected the possibility of broader choice.

Brands familiar to the shopper are of greater importance to the oldest seniors, with 83,7 percent, reporting this factor to be relevant in their store preference decision, in comparison with 63,7 percent in the youngest subsegment.

Unexpected to our assumption, product quality was not rated as the highest priority and most important factor by more than one third of the respondents. The perceived importance of quality shows a slight decline with age.

Store characteristics

With the successive age older seniors prefer to shop close to home and to have nearby bus routes. Location near their home is an important preference motive especially for the oldest 80+ subsegment (87,7 percent).

Another factor of concern for older customers is easy access to store entrance. Access to the store is far more important to the oldest group than to the youngest senior group (73,0 percent vs 48,0 percent).

Approximately five in ten seniors across all three age groups indicated that products display in store is very important for them. Several interviews suggested that seniors find it difficult when the stores change their layout frequently.

Cleanliness in store was considered important by 44,6 - 47,2 percent between all respondents.

Price policy

Older consumers are very price sensitive. Price was the most influential factor, central to the vast majority of seniors for their store choice decision. It was the highest rated factor in all age subsegments, with 82,4 percent in the youngest subsegment (60-69 years) and 94,9 percent in the oldest subsegment (80+ years).

Seniors are focused on price and actively seek out products with lowest possible price. They are prepared to travel a lot in order to get the minimal price. Price becomes increasingly important with age in late life.

Communication policy

Five in ten youngest seniors (60-69), in comparison with only three in ten oldest seniors (80+), consider advertising as an important factor influencing their store selection.

Word-of-mouth recommendation from the same-age peers is far more important than advertising in all senior age subgroups, with the highest level of importence in the subsegment aged over 80 years (67,7 percent).

Conclusion

Developing better understanding of seniors is crucial for business success so that organizations can better appeal to this important segment.

As people age they become more diverse. More segments exist within the large seniors market, requiring different marketing strategies.

Although certain aspects of the store choice are common to all seniors, there are also differences in the degree of emphasis put on various factors by different subsegments of seniors. The shopping behaviour of older people does not only differ from the behaviour of the younger people, it also varies by various subsegments. The research presented in our paper reveals differences in the way how seniors respond to various marketing stimuli. Knowledge of factors which are patronized by seniors in their store selection, is essential for retail management.

Seniors may patronize stores for a number of reasons. Following factors show significant increase in importance with age:

a) The importance of store location in relation to senior´s home and easy access to store grow with age and become important factors for seletion of a ceratin store.

b) Low prices and price discounts become increasingly important with subsequent age for oldest seniors.

c) Finally, the influence of brands familiarity increases with age in late life.

On the other hand, three factors show decline in shopping behaviour and store choice with successive age: advertising influence, breath of sortiment and quality of products.

Our data provide evidence of the senior´s preference to shop in a store where staff is knowledgeable, polite and helpful. Price was rated as most important factor across all subsegments. Because of the physical and other healthy problems of older population, stores should pay attention to the store layout and location.

Developing a better understanding of the senior consumers is crucial for retailers so that they can better respond to their needs and develop the loyalty of this constantly growing segment.

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Do Generations matter when marketing water? A study of consumption preferences across Generations X,Y,Z and Swing generation of seniors[83]

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Abstract

The following article focuses on description of differences in consumer behaviour among Generations X, Y, Z and swing generation. It deals with generation differences and using the example of results from primary research carried out by authors about drinking water consumption preferences, it shows that generations do matter when it comes to marketing bottled or tap drinking water.

Key words

Consumer behaviour, Consumer preferences, Generation X, Generation Y, Generation Z, Swing generation, Seniors, Generation differences, Drinking water, Bottled water, Tap water

JEL Classification: M 31

Introduction

When it comes to researching consumer behaviour of different generations, the question of intergenerational gap in consumer behaviour appears. Are there different behavioural patterns when we divide consumers to segments according to the generation they belong to? Are there any specifics, that characterize the certain generation and differ it from another one? Generation theorists postulate that people born in a specific time period have specific and common purchasing and consumption behaviour(Howe, Strauss, 2000). Therefore the presented paper researches it in specific purchase situation – drinking water purchase.

At first it is important to look at generations from perspective of various authors and their researches.

The Generation Zalso called Centennials, Digital natives, Generation I, Internet Generation or Generation Text is usually defined as people born between 1995 and 2009 (Wiliams, 2010). Depending on the author, as many define the dates differently, Gen Z are now in their teenage or children age, 5- 19 years old.

According to The Curve (2013) a generation defined by the letter Z could mark the end of generations as we know them. Generation Z's most defining characteristic is that it is the last to be

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defined at all. Compared to Gen Y, Gen Z is smaller in number- but according to a recent study (CA-Wikia-GenZ-Survey, 2013) they are more worldly and more aware of advertising and marketing; content and knowledge-driven with more control on how marketing messages are delivered to them. Z-ers are sophisticated and savvy multi-taskers with short attention spans with higher regard for speed over accuracy. They gravitate towards media that provide live social networks and promote discovery. As Z-ers are continuously online - engaged with open-platform communication and information sharing, they see technology as a vital part of their future. Surprisingly, this generation is characterized by gender gap (CA-Wikia-GenZ-Survey, 2013).

Another research (Matthews, 2008) sees Gen Z as better educated than any generation in history, but with need for encouragement to notch up meaningful work experience. For centennials life will be lived primarily via the web. Generous access to technology as children but limited physical freedom means Gen Z will grow up fast. Research shows that politics will become less significant as Gen Z-ers exercise power via their online identities. Incredibly in tune with technology and innately eco-conscious, Generation Z will be content to travel our world virtually. They'll consider the idea of 'teleporting' their online selves to urgent meetings in China or India a simple process.(Matthews, 2008).

Generation Y, or so called Millennial, Generation Next, Net Generation or Echo Boomers are one of the last kids of 20th century. This generation is defined as people that were born 1980 and 2000 (Gurau 2012). However, according to Gurau (2012) there is still no general consensus regarding this period, as another authors apply a slightly different time interval, usually starting around 1980 and finishing around 1995. In the presented paper we take the definition from Lafayette, (2011), and the interval taken into consideration was 1981 -1995, therefore at the time of research (2012/2013) Generation Y were young people aged between 17 and 33 years old.

According to Gurau (2012) Generation Y is described as self-centred, techno-savvy, environmentally-conscious, with spendings significantly higher compared to previous generations, with low levels of brand loyalty. Vokounová (2013) sees the current Y as environmentally conscious with sustainable value set that drives them forward in their behaviour. Vokounová (2013) researched the values of Generation Y that are connected to sustainability, of which the preference for tap water and lowering the waste are the significant features.

Generation X, often called Baby busters, 13th Generation or Eighties babies, is generation born between 1965-1980 (Gurau, 2012).The name "latch-key kids" that is used, came from the house key kids wore around their neck, because they would go home from school to an empty house (Supervision of Intergenerational Dynamics, 2009). The typical for this generation is its very individualistic, sceptical, self-reliant approach to life. As they were raised in the transition phase of written based knowledge to digital knowledge archives; most remember being in school without computers and then after the introduction of computers in high school or university they experienced the digitalization. They are impressed by labels, but do not tend to be loyal. They have precise idea what they want and want it now, therefore they have tendency to use credit cards and they lack savings. (Supervision of Intergenerational Dynamics, 2009). Generation X consumersaccording to Gurau (2012) included in similar life-stage groups display a highly similar pattern of brand loyalty behaviour, and close preferences regarding the elements used for brand evaluation.

When it comes to describing Generation X in East European region, the marketers have to have on mind the very important transition they had to make in life - transition from feeling controlled by the regime to feeling free. This generation (in the time of research 33 – 48 years old) was raised knowing all wages are approximately at the same level, the society has social classes that are equal and travelling abroad has to be approved by authorities and is definitely not for everyone. Moreover their understanding of market economy was poor. The economy was regulated by state and entrepreneurship almost impossible. For them, as children, the intention of advertising was to give information (not persuade to buy), foreign brands were rarely accessible, purchases of import goods (such as exotic fruits) were often limited. But suddenly in their teenage or young adulthood the situation changed dramatically. The change of state politics had great impact on development of their understanding of market and marketing. Society began to move, social classes formed quickly, consumption very soon became oriented on foreign brands. As the new economy and freedom of choice offered new possibilities many of X started their business and became very successful soon. For many of them the brand consumption offers possibility to show their new social status and brands became subject of desire. But still a large proportion of X-ers see brands as unimportant or due to their income as inaccessible.

Swing generation or so called mature generation or Silents is the cohort born between 1930 and 1945 (Littrell, Ma, Halepete, 2005). Currently this generation is also called seniors – as they are (at the time of the research that is the base of this article) 67 – 82 years old. They are the generation of "The Lucky Few" between Greatest Generation and Baby boomers (Elwood, 2008). The name Swing generation comes from the swing music that was popular during this era. The name Silents is closely connected to the time of their birth – time of World War II - and is known also in literature. When speaking of western population, authors (Littrell, Ma, Halepete, 2005, Elwood, 2008) agree that as children they experienced stable families therefore they believe the marriage is for life. They married earlier and yet also gained better education compared to earlier generations (Elwood, 2008). This generation came closest to full employment, and due to sufficient resources headed towards earlier retirement. More than any other generation, men born in this generation advanced professionally. They are seen as having strong sense of trans-generational common values and believing in near-absolute truths, disciplined, self-sacrificing and cautious (Littrell, Ma, Halepete, 2005).

Researching the Swings in our region means having on mind some characteristics that were during their early life common all around the civilised world (rebuilding of countries after World War II, technical progress, values such as marriage, family, education, profession...) but taking in account some regional specifics such as different society system, different cultural and social influences. Swings grew in emerging socialism – the time of their childhood and young adulthood was called "socialism constructing" phase. The young people – often enthusiastically (often from fear) participated in a lot of volunteer work hoping to build a better future. This generation during their young adulthood went through so called Prague spring – release of "the regimes" pressure, than later experienced the "Normalisation era" – when the regime was gaining its powers and control back and then the "Velvet revolution" – which meant opening of gates of freedom. From the market point of view they experienced it all: no goods - no brands, few goods - no brands- little choice, and finally large offer of goods, variety of brands and large possibility to choice. According to authors (Lesáková 2013, Richterová 2012) dealing with research of consumer behaviour of current seniors in our region, Swings tend to consume more according to "needs" than according to their "wants". They have limited financial resources – compared to younger population as well as compared to western Swings. They can be seen as eco-conscious - the most in approach to natural resources. But their environmentalism is not based on education, it comes more from their inner feeling, it is the desire to be connected to the nature, to be more aware of what we save for future generations and of course the need to preserve the resources (not only natural) . as it is what they hed been doing all of their life. Some authors (Folvarčíková 2013, Matušovičová 2012) see this segment as perspective from the marketing point of view – as they still have resources to purchase certain products/services that will make their life better. Seniors as segment – not only Swings, tend to be conventional customers – with tendency to be loyal - repeating the same purchasing habits and having lower innovation acceptance.

1 Methodology

This paper presents results of the research study aimed to identify the values, attitudes and consumer behaviour related to sustainable consumption. Data, which formed the basis for data analysis was collected during April and May in 2012 and 2013.

The survey, whose partial results are reported, was conducted by the semi structured interview with more than thousand respondents of Generations X, Y, Z and seniors from all regions of Slovakia. It was an interview based on prepared scenario where the participants had the opportunity to respond about their consumer behaviour, values and attitudes in terms of their environmental acceptability. Interviews were conducted face to face, when one researcher interviewed one participant - usually in their home environment. Data from semi structured interviews were recorded and subsequently processed first individually (each interview as a data set for qualitative analysis) and subsequently representative interviews (proportionally for all generations) were selected, analysed again, and later structured to give comparable results.

This paper belongs to series of articles publishing the results of the study and its purpose is to answer the research question:

Q1: Is there a significant difference in drinking water consumption preferences between generations? Are there differences in perception of bottled and tap water among generations?

Q2: Does a generational change mean a change of attitudes towards bottled water purchase?

2 Findings

As the results have to answer question about differences in water consumption preferences between generations, it is first important to identify, what is the actual water purchase behaviour among researched generations. The Table 1 shows that there are some minor but not statistically significant differences in bottled water purchase between generations.

Table 1 Generations about bottled water purchase

		I do not buy bottled water	**From time to time I purchase it**	**I buy bottled water on regular basis**	**Total**
Seniors	Count	25	53	30	108
	% within this category	23,1%	49,1%	27,8%	100,0%
Generation X	Count	19	45	45	109
	% within this category	17,4%	41,3%	41,3%	100,0%
Generation Y	Count	18	46	44	108
	% within this category	16,7%	42,6%	40,7%	100,0%
Generation Z	Count	11	18	22	51
	% within this category	21,6%	35,3%	43,1%	100,0%
Total	Count	73	162	141	376
	% within this category	19,4%	43,1%	37,5%	100,0%

Resource: primary research

Seniors tend to buy less than X – ers, Y or Z generation. When we look at regular purchase of Swings – seniors, it is 10% lower (27,8%) than the average of all generations (37,5%).

Table 2 Preference for bottled water

		I do not prefer bottled water	I prefer bottled water	Total
Seniors	Count	82	21	103
	% within this category	79,6%	20,4%	100,0%
Generation X	Count	73	33	106
	% within this category	68,9%	31,1%	100,0%
Generation Y	Count	67	38	105
	% within this category	63,8%	36,2%	100,0%
Generation Z	Count	24	25	49
	% within this category	49,0%	51,0%	100,0%
Total	Count	246	117	363
	% within this category	67,8%	32,2%	100,0%

Resource: primary research

The results need to be investigated further to understand why is it so. It could be caused by financial limitation, previously mentioned as one of the features among this generation, or by preferences.

Investigating differences in preferences for bottled water between generations (Table 2) we found significant generational gap (χ^2 test p=0,002). The younger the generation is, the more it prefers bottled to tap water. Beginning with seniors at 20,4% preferring their drinking water to be bottled, to currently middle-aged Generation X where 31,1 percent prefers bottled water, to 51% of teenage Generation Z.

Further we had to research weather it is the real preference for bottled water or just concerns to drink tap water. As it is clear from the Table 3, only 12,1% of respondents have some doubts about tap water safety. All generations tend to believe that tap water is safe to drink, but still there is a small group that does not trust the tap water. When investigating the reasons to buy the bottled water – if the tap water is considered safe, among the answers we obtain several different opinions such as:

"the bottled water is healthier – it has more minerals, and I need that"

"the bottled has better taste"

"it is constantly the same quality" .

Main reasons for buying bottled water were its taste, quality that is monitored, and content of minerals. There were also answers containing social status impact of drinking water comsumption:

"When we are expecting a visit I buy bottled water, otherwise I drink the tap water"

Table 3 Concerns to consume tap water

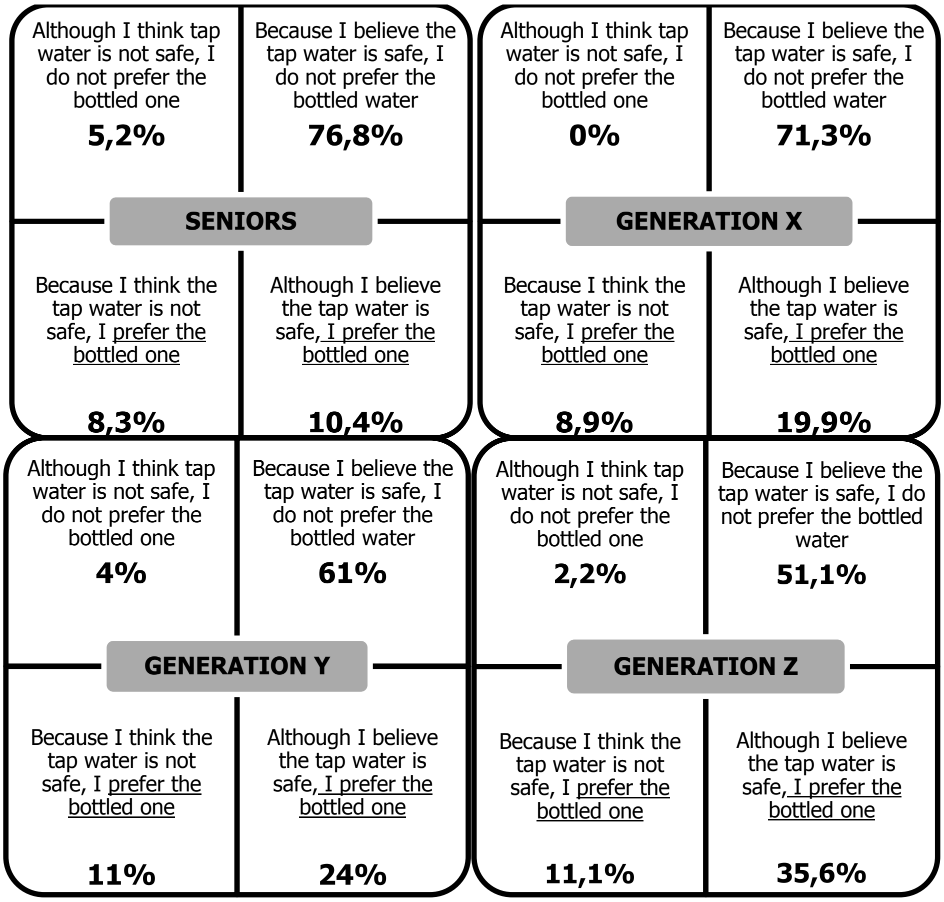
		I think tap water is not safe to drink	I believe the tap water is safe	Total
Seniors	Count	13	88	101
	% within this category	12,9%	87,1%	100,0%
Generation X	Count	9	95	104
	% within this category	8,7%	91,3%	100,0%
Generation Y	Count	15	88	103
	% within this category	14,6%	85,4%	100,0%
Generation Z	Count	6	41	47
	% within this category	12,8%	87,2%	100,0%
Total	Count	43	312	355
	% within this category	12,1%	87,9%	100,0%

Resource: primary research

Preferences for taste, content and sustainable quality of bottled water on one side and concerns to drink tap water on the other form 4 different market segments and 4 possible market targets for bottled water or four target groups for tap water eco-marketing. With these segments completely different marketing strategies are needed. As it is shown on Scheme 1, these segments have different volumes among researched generations.

The largest segment among all groups are the consumers that do not prefer the bottled water to tap water. They think tap water is safe and bottled water has nothing more to offer. They sometimes buy bottled water, but usually only in emergency. Among Swings we see the largest group of consumers with this attitude (76,8%). With descending age the amount of consumers in this group decreases from 71,3% among X, and 61% with Y to only 51,1% among Generation Z.

Scheme 1 Segmentation of drinking water attitudes of Generations X,Y,Z and Swings



Resource: own research

The most interesting segment for marketing of bottled water is the one growing with descending age – those who think it is safe to drink tap water but they prefer the bottled one. The reasons for preference were mentioned earlier, but the result is clear – the younger the segment is the more intense the preference for bottled water. This group grows from 10,4% among Swings to 19,9% with X-ers, 24% among Y and 35,6% of Gen Z. In this segment there are reasons why consumers prefer bottled water – these attitudes need to be strengthened to sustain the purchase and preference.

The bottled water market segment – that could be called "safe" or "stable" is the group of consumers that prefer the bottled water and do not think it is safe to drink tap water. This group has approximately the same volume across all generations between 8,3% with seniors and 11,1% of Gen Z. In this segment the marketing needs to sustain the attitude and reinforce it into more regular purchases.

The segment with the most interesting attitude are consumers that do not prefer bottled water but do not think tap water is safe either. This is the smallest segment, it has 5,2% among seniors, 4% among Y, 2,2 of Gen Z and is absent in Generation X. This group could become interesting for attitude change marketing.

Conclusion

When we look at results of research of drinking water purchase behaviour and attitudes we clearly see that there is significant difference between generations. The younger the generation is, the more it tends to prefer bottled water to tap water. So the answer to the first research question is that there are generational differences in consumption preferences of drinking water. As it is obvious the younger the generation the more positive the attitude towards bottled water, and that is the answer to the second research question.

As expected seniors are the least regular bottled water buyers. It is most probably closely connected with few characteristics mentioned earlier, such as financial restrictions, habits and trust towards tap water. The Generation X already got used to preferring bottled water – not because of lack of safe drinking tap water, but because preferences caused by taste or social status. Generation Y together with Z are the bottled water generations. Preferences for bottled water in these generations rise and therefore they are the most favourite bottled water communication target group.

The attitude segmentation of Generations shows, what are the attitudes and how big are the "attitude segments" among different age cohorts. It shows what the needed communication issues are and where are the possible market gaps for drinking water marketing.

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