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The Development of Business in Various Regions with the Use of Marketing Tools

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Az üzleti tevékenység marketing eszközökkel történő fejlesztése a különböző régiókban

Summary

In present day Slovakia, a huge emphasis is put on the development of business in individual regions, by which employment and economic expansion is guaranteed. One of the methods how businessmen from stagnant regions can improve their economics is marketing and the appropriate use of marketing tools. In the given paper we present possibilities for development and improvement businesses in less developed regions by the means of marketing activities. The research was realised in chosen enterprises from the field of gastronomy and it concentrated on the use of marketing tools. In the end we propose the results of the research, suggestions and references out of which we consider the effective use of marketing tools to be the most important, especially marketing communication and also information-communication technologies that should be used more by managers.

Key words: business, marketing, management, marketing tools, information system

Összefoglaló

Jelenleg Szlovákiában nagy hangsúlyt fektetnek az üzleti tevékenység fejlesztésére a különböző régiókban, ami garantálja a foglalkoztatottságot és a gazdaság bővülését. A marketing és a marketing eszközök megfelelő használata az egyik módszer, amivel a stagnáló régiók üzletemberei fejleszthetik a gazdaságot. Jelen tanulmányban bemutatjuk a kevésbé fejlett régiók vállalkozásainak marketing tevékenységgel történő fejlesztési lehetőségeit. A kutatást a gasztronómiában tevékenykedő vállalkozásoknál végeztük és a marketing eszközök álltak a vizsgálat középpontjában. Végül ismertetjük a kutatás eredményeit és a felvetett javaslatokat, amelyek közül a marketing eszközök - különösen a marketing kommunikáció és az információs-kommunikációs technológia - hatékony használatát tartjuk a legfontosabbnak, amelyeket a menedzsereknek nagyobb mértékben kellene használniuk.

Kulcsszavak: üzleti tevékenység, marketing menedzsment, marketing eszközök, informatikai rendszer

1. INTRODUCTION

Currently Slovakia gives a great importance to business development of the various regions by providing employment and economic growth. Business activity and its development are

conditioned by many factors, which include the application of marketing that integrates a whole range of activities from the production plan through the production of the product, its distribution and sale. For the rational and

efficient functioning of marketing it is desirable to have appropriate systemic database conception with actual data necessary for its decision-making and management activities as well for businesses in the processing of food and gastronomy. The role of these companies is not only to ensure the production of products, but also to plan the precise volume of production and to place products on the market efficiently at prices that ensure prosperity. Nowadays it is typical by an excess of supply over demand, marketing has a special meaning - it becomes the art of creating value for the customer and how to attract customers. Currently a company is attributed as "information company". It is a company in which all dimensions of life, not excluding economic development depends on information and its use. Therefore, one of the cornerstones of company development is the consistent use of marketing information which as a support tool in decision-making process is designed to increase productivity and production quality as well as reduce the cost ratio and facilitate coordination across the business, from production through distribution, offer to sell at price profitable for the company. In the present article we have examined the problems of business development with the support of marketing tools. The topic is treated from theoretical and practical aspects. The objectives of the investigation are companies from the selected regions active in the field of gastronomy. The goal was to provide proposals for the development and improvement of business activities with the support of marketing. In the implementation of the given goal there basic research methods were applied: the method of analysis, comparison, synthesis, induction and deduction, method of observation and questioning, the method of direct interviews with managers of companies and method of graphical reports. The conclusion of the article presents a summary of results of studies and submission of proposals and recommendations.

In the present article the partial results of the research implemented at the Department of

Accounting, Faculty of Economics and Management, Slovak University of Agriculture (VEGA 1/0489/15) have been presented and research has been implemented in resolving a diploma thesis Ing. Petra Šalagová (Marketing tools and information support, 2015).

2. BUSINESS IN VARIOUS REGIONS OF SLOVAKIA

Nowadays, companies must, even more than ever before, fight with continuous uncertainty if they want to survive in the fierce competition in the global market. It is very important to continuously develop and adapt a management system as external conditions and strategy, which have been decided to apply. (Látečková – Stuchlý – Gálisová, 2014).

The Slovak Republic has an irreplaceable role particularly in job creation and regional development. Regional development is a set of economic, social, environmental and cultural processes and relationships occurring in the natural and social environment of the region which bring positive changes and should benefit but also respect the conditions and peculiarities of the environment. These processes and relationships affect the individual components of the region, though perhaps not all at once at the time and intensity, but through gradual chain reaction. Along with the components of the region as well as their area distribution affecting the quality and progress of regional development. (Bauer - Knežová - Kozlayová - Steiner - Záborská, 2010).

The business environment reflects the quality of economic conditions and assumptions for economic activities of businesses. Quality business environment creating conditions for achieving long-term sustainable economic growth is the main assumption for business development and increasing competitiveness of the Slovak Republic. Entrepreneurship has become the cornerstone of the efficient functioning of the market economy. That is what makes a market demand. (Čarnický, 2006).

The Slovak Republic's position in competitiveness of the World Economic Forum was ranked at the 67th place in 2015. Compared to last year it moved up eight stages. Despite this positive change Slovakia remains the third worst ranked country in the group of EU countries. Below are placed only Croatia (77th place) and Greece (81). Cyprus (65) and Hungary (63) are closely above Slovakia. (<http://alianciapas.sk/tag/podnikatelske-prostredie/>, 2015). Slovakia is placed among the countries with low index of business environment, which means that entrepreneurs perceive the quality of the business environment as unfavorable. Entrepreneurs

stay in the way constant changes in legislation, increasing tax burden, an administrative loading, law enforcement, judicial effectiveness. (<http://alianciapas.sk/tag/ipp/>, 2015).

Slovakia is characterized by significant regional disparities which means differences in the socio-economic development of regions. It is caused by different levels of available potential, unique natural and geographical conditions, conditions of the regions and also their ability and readiness for development itself.

The high degree of inequality in the regions of Slovakia is also confirmed by indicators such as unemployment and an average monthly wage.

Table 1: Unemployment rate and average monthly wage: by region in 2014

	Unemployment rate in %	Average monthly wage in €
Bratislava district	6.13	1 286
Trnava district	8.03	892
Trenčín district	9.56	863
Nitra district	11.21	829
Žilina district	10.91	875
Banská Bystrica district	17.22	837
Prešov district	17.45	767
Košice district	15.92	908

Source: <http://statdat.statistics.sk>, own processing

According to the indicator of unemployment large variations can be observed between regions. The highest unemployment rate in 2014 was in the Prešov region with a value of 17.45%. The lowest unemployment rate was in Bratislava region with a value of 6.13%.

The average monthly wage is the lowest in Prešov region which makes € 767. A monthly salary is low even in Nitra and Banská Bystrica region. Although Kosice region belongs to regions with higher unemployment, the average monthly wage is the second highest just after Bratislava region in which employees have a wage around € 300 higher than in other regions.

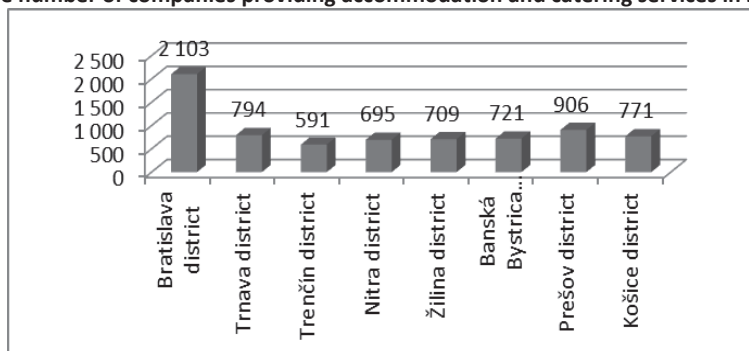
Business development in the different regions is largely made up of small and medium businesses, which are closely connected to the region. They participate in enhancing regional employment and bring to the region other

benefits such as social benefits in addition to economic ones. (Veber - Srpová, 2005). In 2014 Slovakia ran a business 425, 995 subjects with number of 1-9 employees, 18 766 with the number of 10-49 and 4112 subjects with 50-249 employees. Others are large companies with a higher number of employees – more than 250. Slovakia is the best-represented businesses with 1-9 employees, which in this case of a favorable business environment may indicate many opportunities for business development in the regions and those less developed. (<http://statdat.statistics.sk>, 2015).

In our previous study we focused on companies in the field of gastronomy. Up to 76% of all subjects in the field of accommodation and catering services employ 1-9 employees and 7.6% employ 10-19 employees. Therefore it means that the area of hospitality industry in Slovakia is provided mainly by small businesses.

The number of companies operating in these services by region is shown in Graph 1.

Graph 1
The number of companies providing accommodation and catering services in 2014



Source: <http://statdat.statistics.sk>, own processing

Most companies providing accommodation and catering services are in Bratislava region. Prešov region with the lowest average monthly wage is in the second place with 906 companies and the fewest is in Trenčín region with 591 companies. It is clear from the data of the Statistical Office that the worst sector for doing business in Slovakia is currently the industry of hospitality services because the average monthly wage in this sector amounts to € 580. In a highly competitive environment and the information society it can be a factor that increases business activity in regions considered appropriate setting marketing and marketing tools.

3. MARKETING AND MARKETING TOOLS

Marketing is the art and science of how to select target markets as a means of creating communication and delivering exceptional value to attract and retain customers and develop relationships with them. (Matúš - Čábyová - Ďurková, 2008). It represents a complex of activities such as market research, environment analysis, research needs and desires of customers, purchasing and learning decision-making process of consumers planning, conceptual work, product creation, choice of distribution channels and contracting policy, promotion and other activities. In the classical interpretation marketing means planning, coordination and control of business

activities on actual and potential markets. (Kubicová, 2013).

Nowadays it is necessary to understand not only the marketing tools to make the sale, but marketing is trying to meet the needs of customers. Therefore modern definitions of marketing are adding a dominant goal to deliver customers exceptional value and quality, to retain customers and to develop long-term relationships with them.

Marketing tools are used to ensure marketing goals. They are combined with each other to satisfy the customer's needs. The traditional marketing tools are: product, price, distribution and communication - it is called. 4P's, the first time introduced by Professor McCarthy in 1960 and they are derived from the first letter of the following words in English:

1. Product - represents all goods and services that a company offers to customers in the target market.
2. Price - is the amount of money that a customer has to make to gain a product in order to be able to buy it.
3. Place (distribution) - includes all activities aiming to become a product for the customer physically available.
4. Promotion - means any activities aiming to meet a customer with a product followed by purchase. (Čisárik - Hrabovská, 2012).

Based on the essence of marketing and the need to offer customers added value and high quality as well as build customer relationships, the 4 marketing tools may seem insufficient, so many of these instruments have been expanded to other 2P's or to the 4P's: people, packaging, programming, promotion. The additional marketing tool can also be added by other such as physical evidence and process (Horváthová, 2012).

Marketing tools are not used in practice in isolation but in a combination. The company must therefore choose from all the options the appropriate combination of tools for influencing the market. This combination is called marketing mix, which is characterized as a set of marketing elements - which can be influenced and controlled by the company who combines it together to evoke such a reaction in the market, which would be in line with its marketing goals. (Birnerová, 2009).

4. THE EVALUATION OF THE USE OF MARKETING TOOLS IN THE SELECTED COMPANIES

In our present study we examined the use of marketing tools at some restaurants in Banská Bystrica region. It was carried out in companies employing up to 10 employees where the main content of their business is the preparation and the sale of lunch menus and menus for various social events.

A basic marketing tool for every company is the product that sells. From interviews with managers we deduced some serious problems in the production process of lunch menus that occurred:

- in the process of food preparation it leads to large variations. The sale of the number of servings is characterized by large deviations between days of the week, months and the individual months,
- when planning the number of daily servings restaurant managers act by estimations based on previous experience, which we consider to be inadequate,

- companies haven't established mechanism to decrease costs and to help produce an accurate daily meals plan.

Companies mainly use only one strategy in the pricing of the daily menu - the competitive pricing. The calculations of meals have been developed only by one of the surveyed companies. Some businesses have their old pricing, disregarding the actual price of inputs.

The price of each menu is offered in almost all restaurants the same, regardless of the cost of raw materials used. Prices are thus not differentiated. Managers consider the main reason as faster operation and minimize errors when working with cash register and cash.

The distribution at a restaurant means a service activity and food distribution directly to the customer. According to managers, the most common problem is the speed of distribution either directly in the restaurant or as delivery. Factors that can cause such a condition can be summarized as follows:

- manual entry register of issued food by waitresses,
- cash register unrelated to the cash register software,
- ineffective communication between waitresses and cooks.

Factors that reduce the quality of the food distribution, managers consider:

- method of ordering which means that some customers can order meals a day in advance by the driver, others by phone or mail at any time during the day and from any employee,
- timing of food distribution is not elaborated in some companies and in some changes very often,
- disagreeing way of packaging food for consumers.

Gastronomy is a sector in which it is largely possible to use various forms of marketing

communication. Managers of selected companies most commonly used a website which performs the main function of information about the current menu, options of orders, contacts, company presentation, pictures, and so on. The following other marketing tools have been used:

- sales promotion – the only one restaurant offers a lunch menu dessert for free, others do not provide any customer loyalty rebates or material reward or price discounts from lunch menu,
- direct marketing - some managers forward an email update of the weekly menu to their customers. Only one of the companies is distributing leaflets directly to customers,
- community marketing - only two companies use social networks.

5. PROPOSALS AND DISCUSSION

Based on the research we have found out that small businesses in the field of gastronomy have been under-utilizing marketing tools. In our opinion, at the present time it is impossible to develop business without marketing activities, information and communication technologies. For small businesses operating in the field of gastronomy, we propose:

- to modernize the selection of dishes, specializing one menu to traditional Slovak dishes,
- to customize menu to the character of the region,
- to introduce software supporting a statistically evaluating factors affecting the sales of food with the possibility of production planning,
- to use different pricing strategies, for example cost-oriented pricing,
- to create calculations based on real costs with software support,
- to differentiate the prices of individual meals,

- to automate the whole process with introduction of operating cash register software,
- for food distribution to use a united method of packaging for all customers to make the whole process smoother and faster,
- to implement a software solution that supports the monitoring and the distribution process, set the actual and proper schedule of food distribution,
- to automate the process of orders, for example with the possibility to order menu on-line by a certain time.

To marketing communication we propose to:

- introduce a sales promotion, for example extra product to the lunch menu (cake, coffee, tea), price discounts to loyal customers by introducing loyalty cards, promotional gift for the most loyal customers, convenient family menu during the holiday, discount from a pre-ordered lunch etc.,
- use of direct marketing - through regular newsletters to inform customers of the region in their own homes on events, news, special offers and so on,
- use advertising tools through regional cable television for example when introducing new products, special events and similar activities,
- use of information and communication technologies to raise awareness about the company, media, social networks, mobile marketing, email marketing and others,
- use specific features characteristic for the region in the form of interior decoration of the restaurant, waitresses wear, gifts for loyal customers and so on.

Marketing tools do not function in isolation, but are differently combined and supportive. For companies in the field of gastronomy we also recommend establishing or updating existing information system so as to be able to transform input data into the kind of information that will meet the needs of marketing and thanks to which managers will be able to set and use a specific set of marketing tools in a timely, appropriate manner. Business information systems may thus synergistically and actually generate an effective mix of marketing tools that will positively develop the business in the region.

For an additional proposal we need to:

- have everyday communication with customers, identify their needs but also complaints on elimination of negative factors,
- constantly monitor the external environment and the behaviour of competitors,
- customize the product, the interior and overall image of the restaurant to the specifics of a particular region,
- to introduce software supporting customer relationship management,

- to use information and communication technologies in all activities of the company,
- to use tools in various combinations, especially marketing communications.

6. CONCLUSION

Slovakia is characterized by regional disparities, which can be seen at high levels of unemployment and average monthly wages between different regions. Another characteristic is the fact that Slovakia has almost 426,000 small businesses which may have a beneficial effect on business development in various regions.

In this article we highlighted the importance of marketing to promote business activity. Marketing became a necessary condition for every entrepreneur today regardless of the region in which he or she operates. Marketing is a specific factor because the selection and the application of marketing tools shapes each entrepreneur according to their wishes and needs.

We have concluded that the use of marketing tools can greatly contribute to achieving long-term competitiveness and the prosperity of enterprises in less developed regions.

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