

# ANALYSIS OF SUCCESS FACTORS OF BUSINESSES ON THE SLOVAK MARKET

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## 1 Introduction

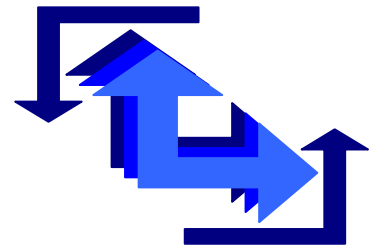
Businesses entering a business environment have only one goal: to be successful and succeed in the chosen market. Businesses should therefore ensure intensive and effective fulfillment of conditions of success in a market by continuous monitoring of various statistics followed by an effort to maximize effects of their activities in a given field. The first task of any business is to set business objectives and visions, which are to be fulfilled within a period of time and determine means of their realization i.e. formulate strategies of functioning and fulfillment of business objectives. An important part of success is to have a sufficient number of resources – material, human and financial, and last but not least, offer quality products or services. A necessary condition for a business to succeed is also to have as many loyal customers as possible, who are satisfied with its products and return to it for each purchase. Result of their satisfaction is that they recommend the business within their referential group, members of which become potential and later even actual customers and the business will thus gain more and more customers.

## 2 Selected factors of a successful business

### 2.1 Marketing strategy

According to Horáková [3], strategy is a certain scheme or a progression direction, which shows how it is possible to achieve set out objectives under the given circumstances. Its aim is to reach a complying interoperability of all of the activities and sections of a business and create a single unit of other perspectives. A strategy should focus on achieving long-term marketing objectives in a given marketing environment and should have a certain direction leading to the best allocation of business's sources.

"Formulation of a successful strategy sets common ambitions, which will help a business overcome limitations of its resources and provide it with a sense of presence in achieving a common objective. Therefore, it is necessary to include a largest



possible team when creating a business strategy. It follows that a strategy should be the result of fusion of collective intelligence, ideas of senior management and employees of a business." [12, p. 23]. To put it more simply, strategies are tools for guiding main activities of a business in order to reach long-term objectives. According to orientation, strategies can be divided into the following:

- growth strategy,
- stabilization strategy,
- attenuation strategy,
- combined strategy.

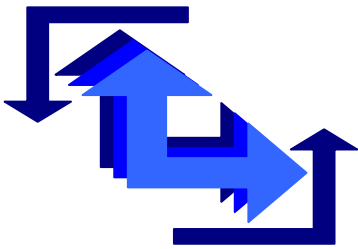
Corporate objectives represent a status or a position in the market that a company wants to achieve in the future. It is a picture of how the company sees the future. Trebuňa et al. [12, p. 28] writes that the role of a business strategy is generally to formulate strategic objectives and identify processes and activities to ensure their implementation. Business objectives are specific endpoints, which an organization is directed to and which have to be provided for all areas of business. At the corporate level targets concerning the following are considered strategic:

- market position of a company (what role company has in individual markets),
- profitability (amount of profit, turnover profitability etc.),
- financial position (level of self-financing, liquidity, loan conditions),
- social objectives (income and social security, social integration),
- prestigious targets (independence, image and prestige).

At the level of strategic business units these objectives translate into functional strategies of these units [5]. Horáková [3] characterizes business objectives as the most important preconditions of each business operation. They are also called primary objectives, from which secondary objectives i.e. marketing objectives are derived. Marketing objectives are tasks that a business plans to achieve after a certain period of time. They are based on the knowledge of customer and competitive focus of a business, but do not contain instructions on how to carry out planned activities; there is no universal way to their actual execution. Business objectives are usually expressed in money.

Specific objectives are usually related to:

- existing products in existing markets,
- new products in existing markets,
- existing products in new markets,
- new products in new markets.



Business objectives may vary depending on which department they are formulated by, or which part of a company they are related to. A corporate objective may be, for example, quality of a product, the quantity of realized sales or gaining loyal customers. Solomon et al. [9, p 262] defines quality of a product as a characteristic that relates to customers' ideas on how the product meets their needs.

According to Marinič [8] basic determinants that affect quality of products are in particular:

- performance of a product – design, reliability, technical parameters,
- customer service – speed of resolution of orders and complaints, consulting service,
- company image or product (brand) – creates a positive image of a company with customers.

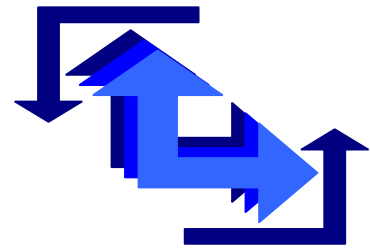
Sales targets are derived from the marketing objectives and plans. Obviously, they must be in accordance with company's marketing-mix. This group of company objectives is usually formulated for one year and to a certain segment of the market - it is short term and specific in nature. The following indicators can be used for setting sales objectives:

- sales volume – in number of units sold;
- distribution targets – according to possibilities of penetration of goods through distribution channels;
- market share - e.g. of individual goods, or in different segments;
- revenues from sales, profits and targets in the area of contact with customers [7].

## **2.2 Customer loyalty and orientation of businesses on customers**

"Wanting" is a form of human need, and it is shaped by culture and individual personality. Needs are shaped by society and are characterized in terms of objects, which are able to meet needs of an individual. For example, a hungry person needs food, but some need McDonald's fries. Successful marketing companies also go to the extremes just to get to know and understand the needs of their customers. They conduct consumer surveys and analyze huge amounts of data – e.g. Tesco collects large amounts of data with Clubcard. Marketers remain close to their customers at all levels of society and market [1].

Today we live in a market-oriented economy where the customer is the master. Businesses still learn how to change their focus from product production to customers acquisition. While companies and their employees do not think as customers, so we



can say that they do not think at all, and if they do not care about their customers, then someone else will take care of them. Kotler [6] argues that businesses should be aware of the value of customers, and transform the entire marketing system to be oriented to provide lifetime customer value through a portfolio of products and services using different strategies of corporate brands.

Lyková in her book "How to organize and manage a successful sale" [7], notes that modern design of sale activities places great emphasis on active and ongoing work with customers. Regular work lies primarily in an organized and regular contact with customers, which purpose is to collect orders and, last but not least, building a fair and long-term business relationships.

Businesses often make the same mistakes – they do not care enough about their customers (consciously or unconsciously), however, they threaten the future prosperity of their own business. There are a number of ways in which businesses acquire new customers, but they often do so at the expense of caring for the existing ones. They create compensation systems for rewarding acquisition of new customers, but they forget about rewarding for the care of existing customers. Business success also depends on the extent to which they are capable of fulfilling the needs of its customers. It is true that nowadays it is not enough just to satisfy customers, each company must strive to ensure greater satisfaction for its customers than its competitors [6].

### **3 Analysis of success factors**

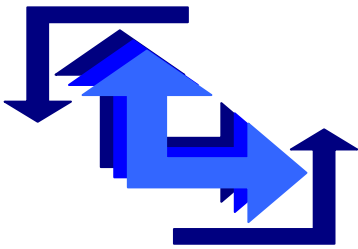
Any company doing business in the market, must meet certain conditions to become successful, and of course must ensure effective and smooth running of operations within the organization.

#### **3.1 Aim of the research**

The aim of our research was to determine which business factors affect success of a business in the Slovak market. A secondary objective was to seek views of the consumer public and businesses across the Slovak market on the issue of success in business and the factors determining this success. The issue was examined from the point of view of consumers as well as companies and the obtained data were then inter-compared.

#### **3.2 Methodology and data collection method**

During the implementation of the research, two most widely used methods for data collection were used: the questionnaire method and structured personal interviews with respondents.



For the purpose of evaluation of the research data the CAWI method (Computer Assisted Web Interview) was used. It is a method of questioning via the Internet. The reason for selecting this method was that online surveying is an extremely fast method from the point of view of realizing the research itself and data processing.

The questionnaire was published on the Internet using Google's "Documents". This application allowed the creation of free on-line questionnaire, which generated a unique link for each questionnaire. Publication was carried out by sending this link to e-mail addresses of potential respondents. Answers to questions were recorded directly in the Google Web database, and their processing and evaluation was conducted using MS Excel.

To achieve relevant research results, we created two online questionnaires, which had two different links. This solution enabled us to send consumers and businesses the same questionnaire via two different links, which facilitate the work of evaluation of the results from both parties.

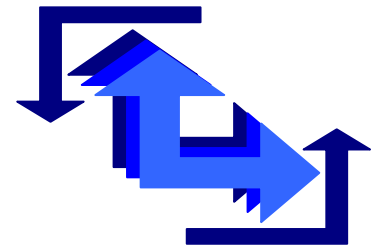
Another method for obtaining information from respondents was the implementation of additional structured interviews. The aim was to clarify some of the data for better results processing. Additionally, we contacted 30 randomly selected respondents who have greatly facilitated our work in understanding some concepts and relationships in the survey.

### **3.3 Sample of respondents and method of choice**

The sample of respondents was chosen to obtain the results of respondents' opinion in the widest age interval. The interval was divided into the following five groups: age group under 21 years of age, between 22-30 years of age, between 31-40 years of age, between 41-50 years of age and over 50 years of age.

An empirical method was applied during method of selection of respondents, whereby it is possible to obtain, classify and explain new scientific knowledge. It consists of three interlinked stages:

- Preparatory phase - at this stage we have established primary and secondary research objective, we identified a timetable for research and we put together the questionnaire.
- The implementation phase - at this stage, we created and published the questionnaire on the Internet for both consumers and businesses and after a period of time we processed the results into tables for the evaluation. During one month the questionnaires were sent to 300 companies from around Slovakia. 26% of respondents returned the questionnaires, which corresponds



to 78 respondents from the corporate sector. We managed to collect data from 359 consumer respondents.

- The processing phase - at this stage, we processed the research results and developed graphical reports. The processing of research results took 14 days. The basic research output data are shown in the table below.

*Fig. 3 Respondents*

<b>Respondents</b>	<b>Category</b>		<b>Number</b>	<b>Percentage</b>
<b>CONSUMERS</b>	<b>Age</b>	<b>up to 21 years of age</b>	28	8%
		22 – 30	262	73%
		31 – 40	39	11%
		41 – 50	26	7%
		<b>over 50 years of age</b>	4	1%
		<b>Σ</b>	<b>359</b>	<b>100%</b>
	<b>Sex</b>	<b>Men</b>	98	28%
		<b>Women</b>	261	72%
		<b>Σ</b>	<b>359</b>	<b>100%</b>
<b>BUSINESSES</b>	<b>Sent questionnaires</b>	<b>Completed questionnaires</b>	<b>Return in %</b>	
	300	78	26%	

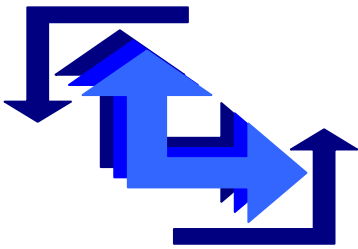
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#### **4 Evaluation and interpretation of research results**

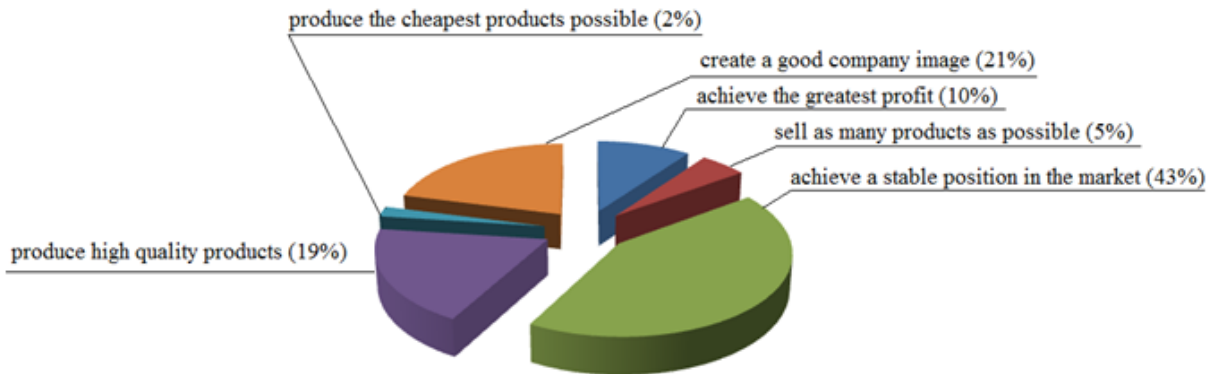
In the following subchapters all the results concerning our objectives are interpreted.

##### **4.1 Strategy as a success factor**

In this chapter we focused on the interpretation of the findings, which strategy applied by businesses provides a favourable business position in the market, or which one is the foundation of their success.



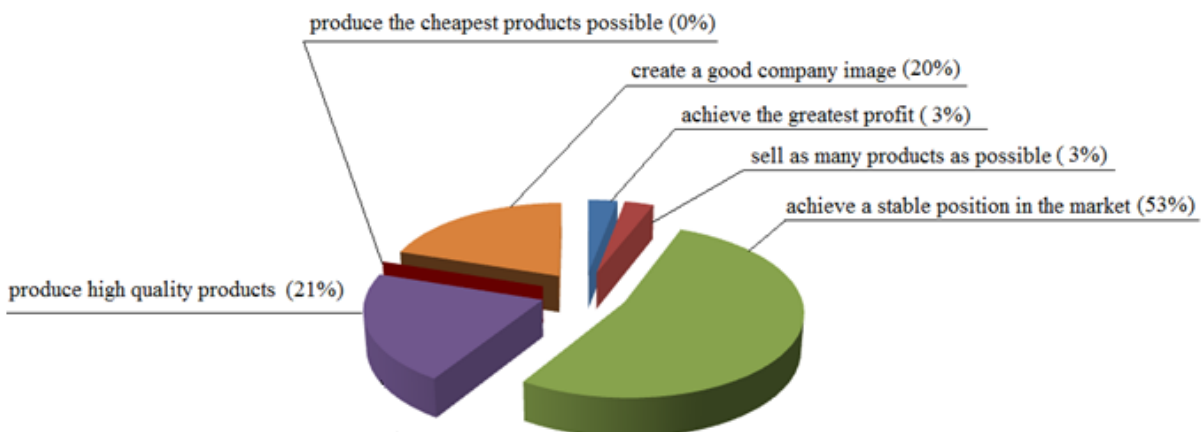
**Fig. 2** Strategy as a success factor from the point of view of customers.



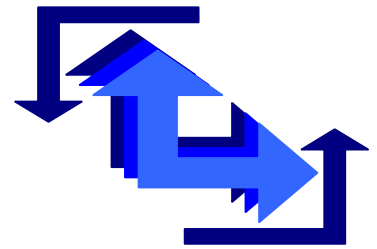
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Consumers could choose out of six responses, and because this was a closed question, it was necessary to choose one answer. Their task was to decide which of these factors are necessary to enable the company to succeed in the market. The results showed that according to a considerable majority, 43%, of respondents, the most important strategy is to achieve a stable position in the market. Strategy of creating a good image of a company and producing quality products are equally important according to the respondents. 21% of respondents identified strategy of a good image, and only slightly less, 19% considered the strategy to produce and deliver high quality goods and services to be the best. Only 10% of respondents consider the strategy of earning profit to be a working strategy. Respondents consider the strategy of selling more products to be the least successful when only 5% of respondents voted for this strategy, and the strategy of producing the cheapest products was voted for by only 2% of respondents. Respondents clearly suggest that cheap products are in direct proportion to poor quality.

**Fig. 3** Strategy as a success factor from the point of view of businesses.



Source: [our own processing]



From the point of view of companies the research brought quite similar results as with consumers. Here, too, it is considered to be the most effective strategy for achieving a stable place in the market, this option identified 53% of companies surveyed. Similarly, as for consumers and for businesses there is a very little difference between a strategy from producing quality products (21%), and the strategy of creating company image (20%). Only 3% of businesses voted for the strategy of achieving the greatest profit possible and selling as many products as possible. These companies are very likely newcomers to the market, or companies, which risk their future prosperity if they will not change their strategy based on their existing and potential customers' expectations. The strategy of producing cheap products is also the last of the six offered and none of the businesses considers this strategy to be functioning and effective.

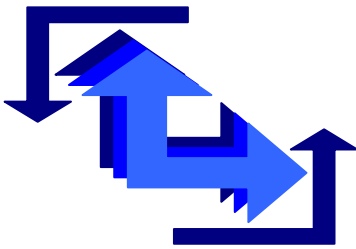
#### **4.2 Factors of a successful business**

In this subchapter we focused on the following question: To what extent a success of a business depends on the offered business factors? Respondents also had the opportunity to decide which factor is the most and which is the least important. They could express their views on the scale of values from 1 to 5, where each point represents a certain degree of importance of each factor.

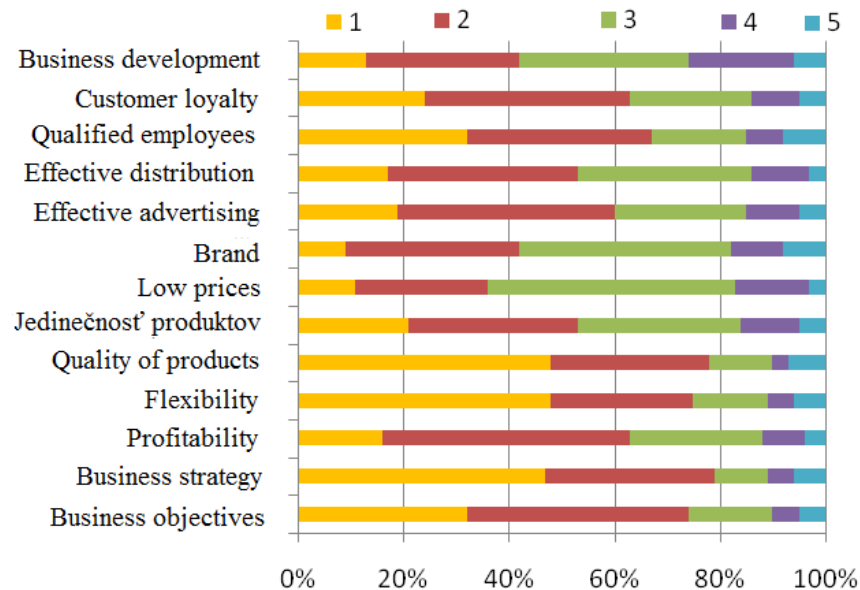
The following scale and point values were used for measuring phenomena:

1 = the most important, 2 = important, 3 = moderately important,

4 = less important, 5 = least important.

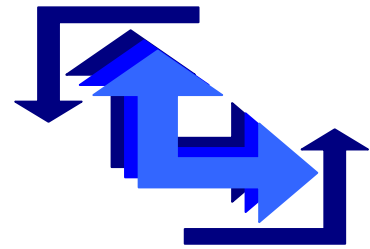


*Fig. 4 Success factors from the point of view of customers.*

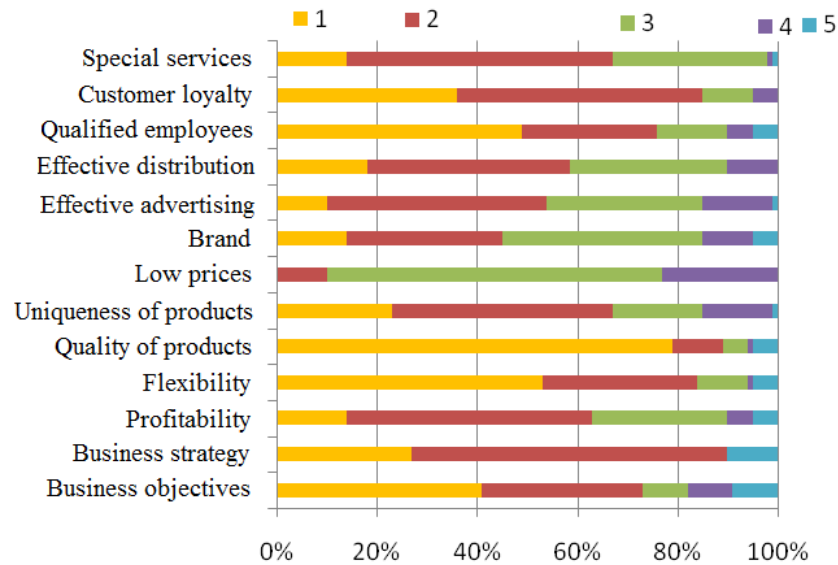


Source: [our own processing]

When analyzing the results on success factors obtained from consumers we have found out that in order to prosper on the market in the long term, a company should concentrate all of its strength to ensure the quality of its products and services and it has to be flexible in responding to market changes, so it will not lose its customers and market position. 48% of respondents considered quality and flexibility the most important factor in achieving success. Profitability and low prices are also considered to be important factors. Surprisingly, consumers consider brand to be the least important factor in business, when only 8% of them voted for this option. Based on the processing of responses from consumers, it is possible to create a list of importance factors in business in the following order: quality of products and services, business flexibility and well-prepared business strategy. These factors consider respondents to be the most important. Respondents consider other factors in the following order to be less important for achieving success: business profitability, business objectives, effective advertising, customer loyalty, efficient distribution, qualified staff, unique products and services. Respondents consider low prices, brand and continuous business development to be less important factors.

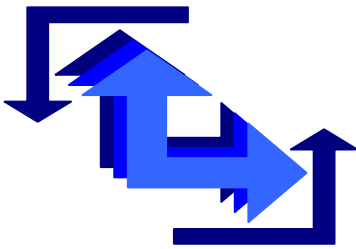


**Fig. 5** Success factors from the point of view of companies.

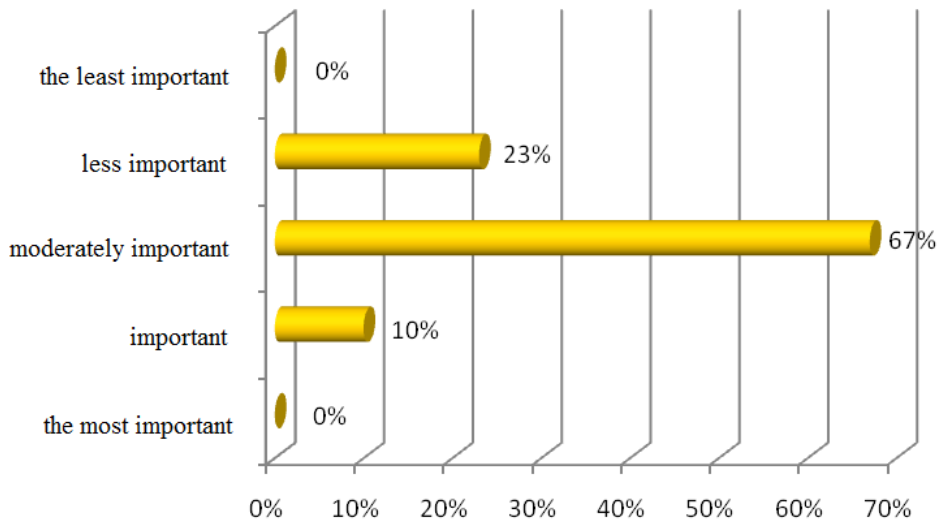


Source: [our own processing]

This graph shows us the opinions of businesspersons on which of the named factors is the most important, or which is the least important for achieving success. There were major differences in answers of consumers and businesses to this question. While 48% of consumers identified quality and flexibility to be the key factors of business, 79% of businesspeople consider quality and 53% consider flexibility to be the most important factor. 49% of respondents assigned presence of qualified employees and 41% assigned business objectives to this category. Businesspeople consider the following factors to be less important (in order): business strategy, premium service, profitability, customer loyalty, unique products, effective advertising and effective distribution. Businesspeople consider low prices and a brand to be less important factors. In assessing the factor "low prices" we have come to interesting results that are shown in the following graph for a better explanation and understanding.



*Fig. 6 Low prices.*

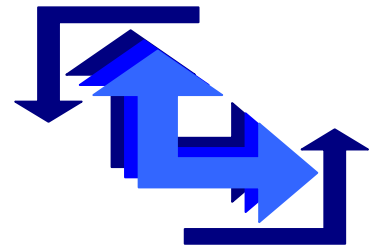


Source: [our own processing]

Based on our research 47% of respondents classified low prices as "moderately important", 11% considered low prices of products to be the most important business factor and only 3% think price is the least important. Based on this graph we can conclude that according to 67% of businesspeople low prices are a "moderately important" factor in business. 10% respondents consider low prices important and 23% consider low prices to be less important factor of success. It is interesting that none of the businesspeople (0%) gave their votes to two extreme categories of evaluation, i.e. the "most important" and "least important". This fact is in some way a confirmation of research results, that low prices are according to consumers, as well as by businesspeople only a moderately important factor for a successful business. If a business wants to establish itself in the market and achieve good results, it does not need to focus on production or sale brokering of the cheapest products and may target its efforts, financial resources and business strategy at producing quality goods and services.

## **5 Conclusion**

The aim of this paper was to analyze the impact of business success factors used in the Slovak market. The research sample consisted of companies operating in Slovakia, and their potential and actual customers. The obtained data were compared after processing. It was examined whether companies and their customers see the given business success factors in a similar manner or not. Respondents considered high quality products and affordable prices to be the most important factors. Since

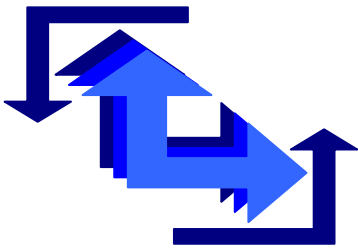


businesspeople rated the importance of price in one of the last places in the order of success factors, they need to, in our view, consider whether they want to have higher prices but fewer loyal customers, or whether they are willing to reduce prices to an acceptable level for the general public, and thereby obtain more loyal customers. The issue of success factors in business appears to be an interesting area for possible further research not only in distribution and logistics but also in commerce in general.

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### **Resume**

*The aim of this paper is to analyse the influence of selected factors on success of businesses in the Slovak market environment. The issue is examined from the point of view of consumers as well as businesses, and the obtained data were then inter-compared. The main idea was to reach conclusions, which would provide businesses and consumers with a general overview of success factors, which are often significant determinants of competitiveness of businesses producing goods, businesses providing services in general, and businesses providing distribution and logistics of these goods and services.*

### **Key words**

*Marketing strategy, consumer, success factors*

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