Knowledge management in the marketing mix of small food businesses

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Abstract: The types of industries are more or less lucrative for entry to international markets. An important place in the making of such a step also plays a size of enterprise. Regardless of whether a decision is made for expansion it is part of the globalization and internationalization of business affecting all businesses [2]. New markets are often geographically distant, and therefore businesses (especially small), enter them carefully and only rarely [3]. Even in the food penetrating the international markets is not easy. Missed opportunities early entry into foreign markets is associated with the risk of losing sales to foreign companies. The strategy of the company establish themselves in foreign markets that considerable effort and especially innovation marketing communications. In this paper we examine the marketing mix small food manufacturing company. The starting point for the analysis of sales was a period over five years. Based on the findings of knowledge management to make proposals on increased investment in marketing mix, changes in hiring and training sales representatives and suppliers of raw materials review and improve business reputation selected by sponsoring charity events.

Keywords: knowledge management, marketing mix, competitive advantage, market, customer.

1 Introduction

Peter Drucker expressed marketing saying: „The aim of marketing is to make selling superfluous. The aim is to know and understand the customer so well the product or service will satisfy him and themselves before“[4]. Marketing therefore defined as social and management process in which individuals and groups obtain through creating and exchanging products and value what they need and want. This means that properly identifying customer needs leads to the formation of such a product, which is in the effective promotion and distribution of easily sold. Marketing affects the lives of everyone. It means to develop mediation and human well-being. Often confused with the concept of marketing sales. In fact, the act of marketing meet before the sale, but also beyond. This is about a combination of several activities (eg. Market research, product development, distribution, pricing, advertising, personal selling), whose mission is to understand, serve and satisfy customer needs and simultaneously fulfill the goals of the company. The essence of marketing is a simple idea that is true in all professions. According Lauterborn success is based on understanding the needs and wishes of the area, and creating ideas, services or products that they fulfill the needs and wishes [1]. Enterprises that fail to meet the needs and desires of others, can not succeed. In a market economy, enterprises must constantly monitor changes and developments in the market to maintain and improve its position compared to its competitors. Owners and managers manage companies so as to respond effectively and at the same time strengthened its market position. The main aim of this paper is to assess a specification of the

existing marketing mix food business and troubleshooting based on the evaluation of internal information and business data from the Slovak Statistical Office. Examination of the attributes and draft amendments to the marketing mix in selected business carried out based on the evaluation of the success of sales analysis of selected accounts.

2 Methodology

Within the chapter we present information characterizing the company, the methods and procedures of the matter. To meet the objective we used pair wise method such as induction and deduction, analysis and synthesis, and other empirical methods. The data we have obtained from the primary and secondary sources. The primary sources were interviews with the owner of the business and production workers. We obtained valuable information from the drivers of refrigerated vehicles. Informal interviews were conducted with the use of a prepared curriculum issues. By observing the production processes to understand the relationships between them. Part of the data we have drawn on the company web site. Most important, the data of internal accounting documents of the company. Secondary sources of data and information were publications in the field of marketing mix and the web site of the Statistical Office.

2.1 Characteristics of the company "ZMRAZENÉ POLOPRODUKTY"

Our contribution was developed based on input information from food plant that we named for the purpose of this paper „ZMRAZENÉ POLOPRODUKTY" (eng. „FROZEN FEEDSTOCKS"). The enterprise is in the market for more than 20 years. Its leadership has extensive experience in the field of competition for the customer. It is a manufacturing company whose main business is the production and sale of frozen bakery products and confectionery, as well as other semi-taking efforts to introduce and provide additional services.

Production and distribution is focused on frozen puff pastry dough manufactured in a state of deep shock freezing when freezing temperature is -40° C. The production range is divided into sweet, salty, multigrain, cereal pre-baked, ordinary bread, and pre-baked frozen breaded and frozen confectionery products.

2.2 Vision and mission of the food business

The vision of the company is to establish themselves closer to foreign markets and subsequent expansion into Asia with maintaining the current volume of deliveries to Slovak and European consumers. Mission of the company is to produce frozen bakery products to a wide network of customers, intermediary consumers a varied menu of confectionery and bakery products. In addition to the production of bakery and confectionery products business offers relating to marketing and technological equipment –electric hot air oven for baking frozen products.

The long-term objective of the company is improving and diversifying production in line with trends in developed countries (e.g. production program - panini), which began production in addition to the traditional hamburger buns and various kinds of baguettes and the production of this type of bread.

The enterprise is successful in central and western Slovakia. Fiercer competition in Eastern Slovakia required fulfilling an important goal - denser meet demand in Eastern Slovakia.

3 The results

Enterprise „ZMRAZENÉ POLOPRODUKTY“ operates in Eastern Slovakia. It enterprenures in the demographic conditions of the Košice region. For the enterprise as such, the common Slovak economic conditions, as customers are active across the country. According to the Statistical Office of the Slovak Republic in the city where the headquarters of the firm is situated live more than 23,000 residents and across whole district 106,000 people. In the cities of the district is 41% of the population. 59% of it lives in rural areas. Of working age (15-64 years) is 74,679 inhabitants. Life expectancy of men is 68.82 and 77.59 years for women.

3.1 Business Marketing environment

Macro environment factors during three years changed slightly with small fluctuations. Demographic changes alone do not cause changes within the period in social environment. The most significant factors affecting may affect the operation of the company's purchasing power. In sensitive economic environment Due to customers' nationwide spectrum in the paper we review data from all over the country. In 2014, Slovakia had 2,715,000 economically active people, of which 2,329,000 employed and 386,000 unemployed. There are significant differences in household income by regions. In the Western Slovakia was in 2013 the average monthly disposable income of households € 635.56. In central Slovakia, it was € 614.98 and in eastern Slovakia just above € 600. This is related to consumption. Household expenditure on food and non-alcoholic beverages were on average € 75.42 in the West, € 73.94 in Mid and € 65.62 in East of Slovakia. This confirms that the East is purchased and probably consumes less. Despite these data it does not make venture differences in the prices of products for the region. Ecological (natural) environment affects mainly raw materials that are inputs into the production process. Energy costs for the company „ZMRAZENÉ POLOPRODUKTY“ are highest and therefore the most substantial component of the environment. The legal framework within which the company operates is defined primarily by Trade Act, the Commercial Code and a number of laws, decrees and regulations governing sanitary conditions and standards in the food industry.

Holding microenvironment includes factors that directly influence the company, which may itself actively influence. It consists of internal (internal) business environment and external (outside) microenvironment.

External microenvironment consists of suppliers, customers, competing undertakings newly arriving companies and substitutes. Company uses the services of agents. The plant has concluded agreements with several dealers, who operate in the defined territory of Slovakia.

The suppliers are an important factor in the microenvironment. Among the largest suppliers of enterprise „ZMRAZENÉ POLOPRODUKTY“ include:

- ZEELANDIA Ltd. (Košice - pastry supplier of raw materials for bakers and confectioners);
- AGROREAL a.s. (Streda nad Bodrogom - agricultural primary production);
- LASTONHILL Ltd. (Rimavská Seč);
- OMEGA Slovakia s.r.o. (Vrútky);
- PURATOS zrt. - Establishment (Hungary).

Customers are those who buy the product. Enterprise „ZMRAZENÉ POLOPRODUKTY“ operates mainly in the market intermediaries and partly in the consumer market. Among the customers for our consideration, the company, mainly:

- bakeries and minipekárne,
- Sweets,
- Food, hypermarkets,
- restaurants and pizzerias,
- refreshment stands.

Enterprise had the largest share (96%) of its sales on the Slovak market in 2014. For exports to the EU venture it earned 0.6% of sales and 3.4% of revenues came from exports to countries outside the European Union. The main competitors of the company with a similar range of products that the Slovak market expanded mainly from Hungary, Poland and Slovakia offering customers products at lower prices.

In the company work 33 employees, of which 20 are production employees, one working in management, administration of 3, other 3 in the sales department and 6 as freezer lorry drivers.

3.2 Market segmentation business

Market segmentation reflects homogenous groups that differ from each other their needs and buying behaviour and which can be modified to operate shopping mix [5]. For enterprises, the main access to the market by size customers. Segmentation and the characteristics of individual groups we mentioned in Table 1. Although the company does not prefer any segment and acts not only on one target market, the data in the table shows that the majority of business customers (75%) are regular and large consumers. Individuals and households collected only 5% of production, so we will not examine targeting.

Tab. 1 Enterprise customer segments and their characteristics

Segment No.	Name of segment segment	Segment characteristics	Segment determining factor
1	Large and regular consumers (75%)	Goods are generally not processed for the final consumer, they are demanding the durability and storage	The quality and durability of the product, timely delivery, ancillary services
2	Occasional and regular consumers (20%)	Products offer customers processed, ready for consumption	Quality, shelf-life and the possibility of processing
3	Individuals and households (personal collection) (5%)	Priority is low cost, the possibility of storing and home baking	Price, taking in small amounts and taste

Source: own processing

3.3 Product mix business „ZMRAZENÉ POLOPRODUKTY“

By marketing mix we understand the qualitative and quantitative mix of marketing tools in time. In the literature we often meet with the following tools of marketing mix 4P termed:

- Products;
- Price;
- Place (distribution policy);
- Promotion (some people say marketing communication).

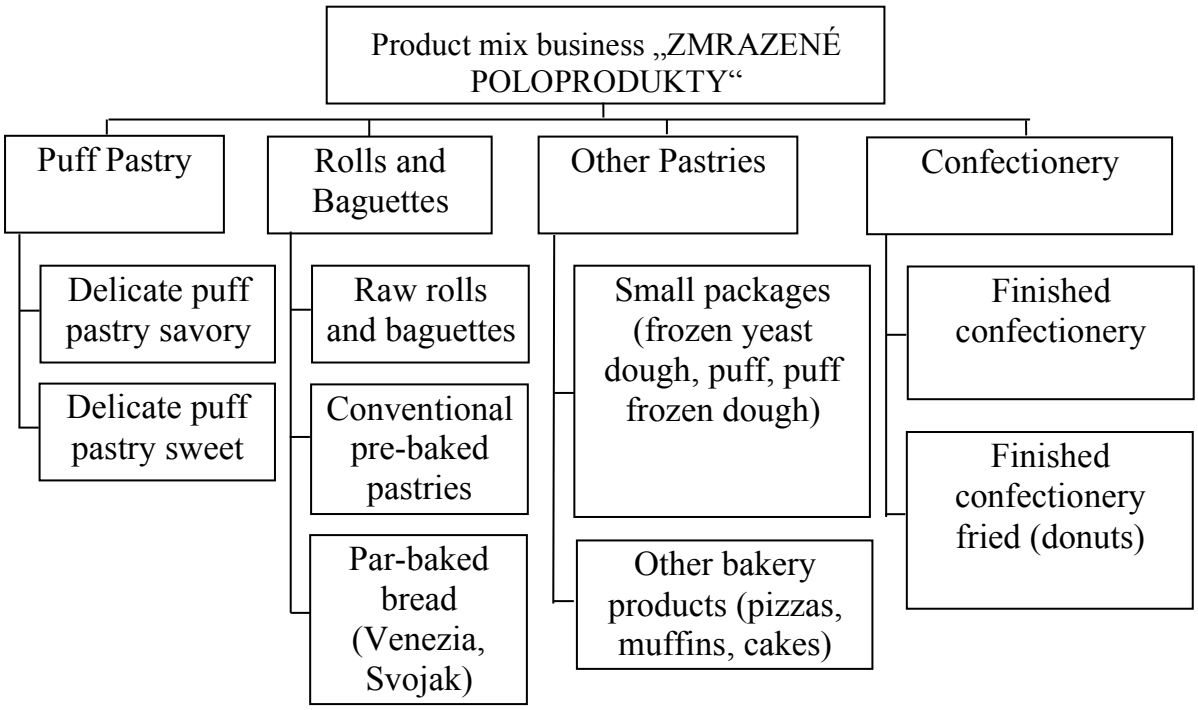


Fig. 1 Product mix business „ZMRAZENÉ POLOPRODUKTY“
Source: own processing

We visualized Product mix the company „ZMRAZENÉ POLOPRODUKTY“ in Figure 1. It consists of all product lines, namely concerning product groups for which the selected characteristics similar to all products of this group. These are mainly products with a similar function, sold a similar group of customers passing through the same distribution channels forming the same (relative) price level.

The product represents the total supply of consumers to satisfy their needs. Deciding product includes an answer to the question of which goods and services should be offered to a specific group of customers.

Examining the different levels of the selected product company „ZMRAZENÉ POLOPRODUKTY“ We examined by the product „Amarelle grid” which we visualized on Figure 2.

Fig. 2 Amarelle grid
Source: Product catalog business „ZMRAZENÉ POLOPRODUKTY“

The core of the product (its basic utilitarian effect) due to which the product the customer buys, a saturated ou real treat you. Below own products to visualize the performance, quality and packaging. As we work with frozen products, cherry grid is when you bought in frozen state. the weight of one piece is 80 g. before consumption, it is necessary product thawing, to rise and bake. „Amarelle grid”, as well as other products, are packaged and sold in plastic bags of 50 and 100 pieces designed for wholesale and for retail customers can Stick packaging of this product. The quality and wholesomeness of the product is guaranteed. The company leaves all products before putting on the market certified by an external test. the test report together with the customer gets delivered (purchased) product.

Extended product represents additional services. When of products „ZMRAZENÉ POLOPRODUKTY“ then enterprise offers a range of services, among which we select:

- Technological equipment borrowed from customers;
- Training purchasers of the right technology training;
- Delivery of promotional items with a company logo, baking paper or baking sheet;
- Development HACCP33 (food safety system based on prevention according to Law no. 152/1995 on foodstuffs, as amended, and the Codex of food of the Slovak Republic. HACCP system is mandatory for all producers and people handling food).

All these services are provided free of charge by the enterprise, which is indicative of high levels of provision of additional services. This is confirmed by the fact that the company appreciates the customer and it has a positive effect on building long-term and trusted relationships with customers. The value of additional services is times higher than the value delivered frozen product.

Price is from a macroeconomic perspective, the basic mechanism which indicates to balance supply with demand in the market. For the customer the cost amount of funds that must give up acquiring the product. Manufacturer and seller for the price of a single component of the marketing mix to generate income for the company. Pricing policy includes various discounts, conditions and maturity dates and credit possibilities.

Enterprise „ZMRAZENÉ POLOPRODUKTY“ creates the price of their products mainly on the costs. It covers, for example raw material prices, energy cost of running production, and wages of employees. Establishment monitors prices of competitors, but of crucial importance in pricing are the costs of production and operation of the company.

We compared prices of selected products of the enterprise with chain Tesco Stores SR. There are similar products Pizza hams - pre-baked and frozen pastry. The enterprise sells Ham pizza (430 g) in packs of 12 pieces, while the unit price is € 1.598 (€ 3.716 / kg). This type of product is sold by Tesco stores from company Dr. Oetker, while the price of a pizza is around € 2.49 per item (€ 6.07 / kg). Ham pizza Tesco Value brand is sold at a price of € 1.79 (€ 4.26 / kg).

Puff pastry (400 g) of the enterprise is sold in packs of 20 pieces with a unit price of € 0.492 (€ 1.23 / kg). Product comparison is a pastry company Royal, which sells for € 0.59 (€ 1.48 / kg). Puff pastry marketed as Svoboda (eng. Freedom) costs € 1.39 (2.78 € / kg).

It follows that the prices of the company are in comparing products at lower than competitive products. Company achieves competitive cost advantages. Value per unit or unit weight is acceptable.

In the terms of payment business „ZMRAZENÉ POLOPRODUKTY“ prefers cash payments for major customers (such as Ryba Košice (EN Fish Košice) or Labaš Košice) exposes the enterprise invoice and payment shall be made by wire transfer. Invoices are due within 14 days. For larger volumes of business it provides the opportunity for longer term agreements with maturity. Their large enterprise customers provide the discount provided that the goods may be brought to the pallet. It also provides discounts loyal and long term customers by appointment.

Comparing data „income statement” within the last five years, we found that sales have been falling slightly. The objective reason for the decline in production is the economic crisis at the end of the first decade of the 21st century. The consequent increases in prices of production inputs imply the increase in sales prices. In Table 2 we introduced the development of sales revenues and in Figure 3 we did graphically illustrated.

Tab. 2 Development of revenues from sales of own products according to the „profit and loss“

	Rok 2010	**Rok 2011**	**Rok 2012**	**Rok 2013**	**Rok 2014**
Revenue in €	1 092 012	1 008 039	991 137	953 218	901 012

Source: own processing

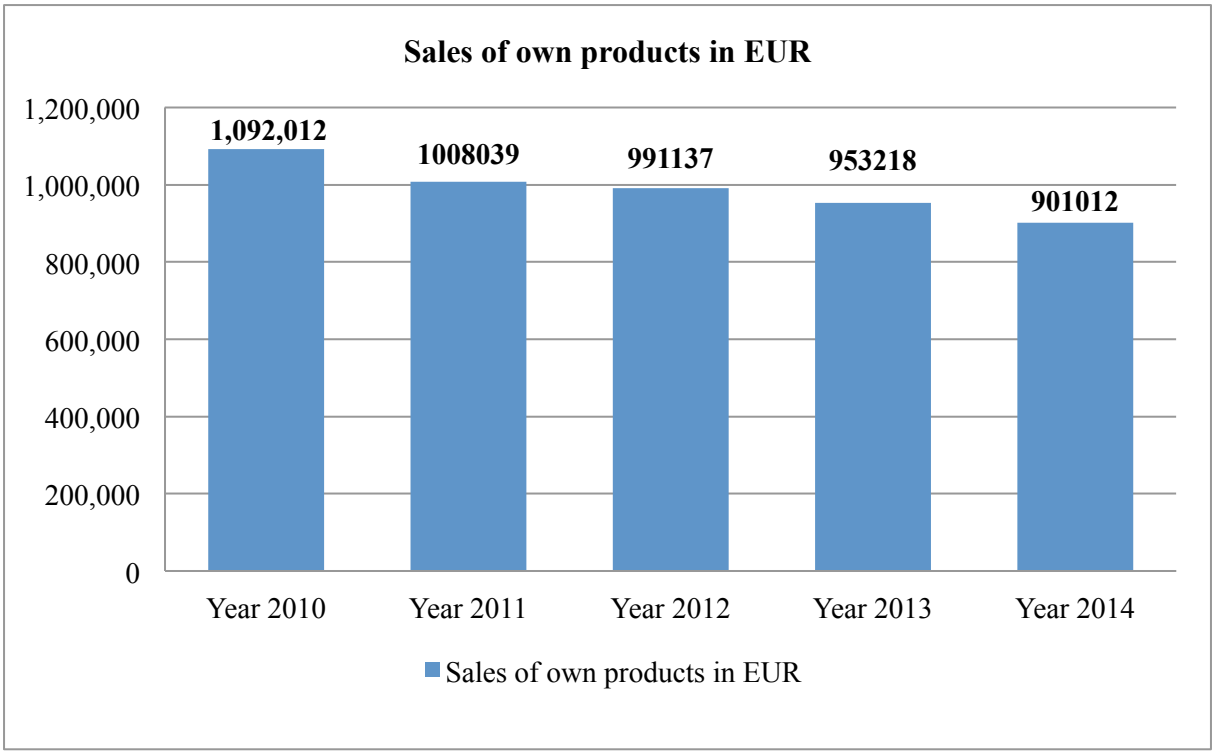


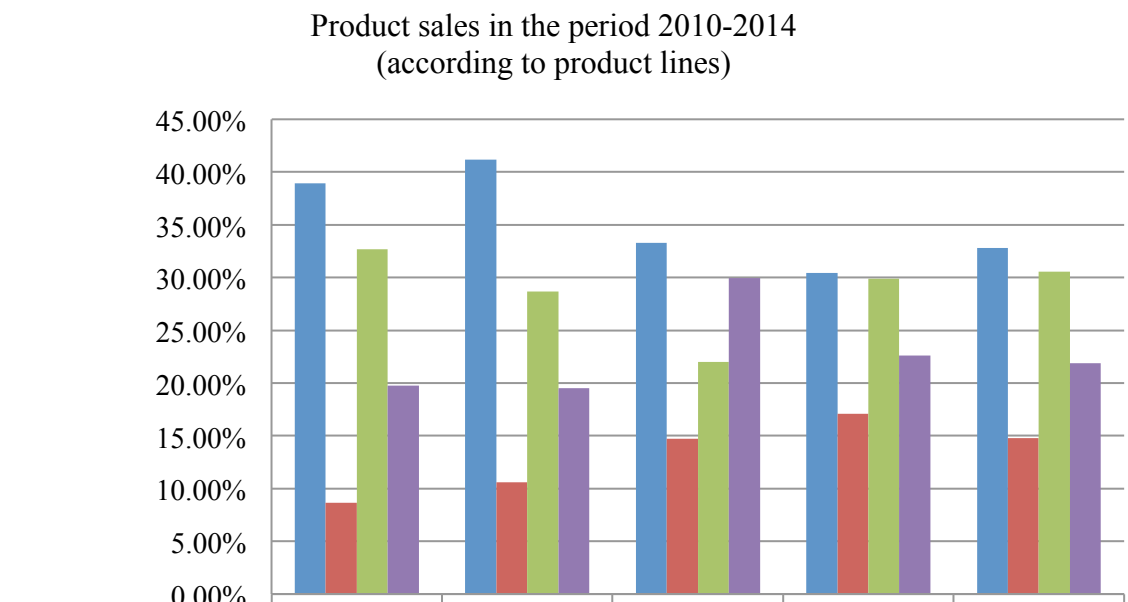
Fig. 3 Sales of own products in EUR
Source: own processing

The turnover of the company divided by product lines offers us a detailed and transparent information about the importance of individual components of the product mix on overall turnover. In Table 3, we reported data on the turnover of the undertaking for the period 2010 - 2014. In Figure 4 we did graphically illustrated.

Tab. 3 Turnover product lines during the years 2010 to 2014 in EUR

Product lines	2010	2011	2012	2013	2014
Puff pastry	425 100	415 051	329 879	289 994	295 415
Rolls and Baguettes	94 432	106 972	145 995	162 827	133 075
Other pastries	357 005	289 014	218 111	289 987	275 110
Confectionery	215 478	197 002	297 152	215 410	197 412

Source: own processing



	2010	2011	2012	2013	2014
Puf pastry	38.93%	41.17%	33.28%	30.42%	32.79%
Rols and baguetees	8.65%	10.61%	14.73%	17.08%	14.77%
Other Pastries	32.69%	28.67%	22.01%	29.90%	30.53%
Confectionery	19.73%	19.54%	29.98%	22.60%	21.91%

Fig. 4 Share of individual product lines in the total turnover in [%]
Source: Own processing according to internal documents business „ZMRAZENÉ CESTO“

3.4 Distribution

This component of the marketing mix, translated into English from the English „place” as „site” or "Distribution Policy" addresses where and how the product will be sold. It involves determining the distribution channels, the sales range and the actual transport to the customer. To enterprise „ZMRAZENÉ POLOPRODUKTY“ customers mainly include bakeries, pastry shops, restaurants and food shops. Company in Slovakia has a number of contractual agents who in this area, inter alia, also perform activities related to the distribution policy. The role of the agent is therefore an analysis and control culture point of sale product the company „ZMRAZENÉ POLOPRODUKTY“, as corporate objectives, among others, building its reputation. Sales representatives teach (train) customer on proper preparation technology products. Training of sales representatives still act only within the premises of the enterprise „ZMRAZENÉ POLOPRODUKTY“ and is performed by the director and owner of the company.

Company delivers products to customers by own freezer vans. An import of goods to place orders for customer is free of charge, which is a further supplementary service to strengthen support and product sales. Company previously operated own products, but with the advent of large retail chains (e.g. Kaufland, Lidl or Tesco) was forced to close shop. It is now possible to purchase a company's directly at the factory.

It follows that the company performs the sale of direct selling channel i.e. it sells directly to the consumer and uses the sale through one or more intermediaries. Shares of distribution channels in total turnover in 2014 we stated in Table 4 and Figure 5th.

Tab. 4 Turnover by individual distribution channels in 2014

Distribution channel	Turnovers in EUR/2014
Ddirect sales	102 586
One broker	425 928
More intermediaries	372 444
TOTAL	**901 012**

Source: Own processing of internal data according to business „ZMRAZENÉ POLOPRODUKTY“

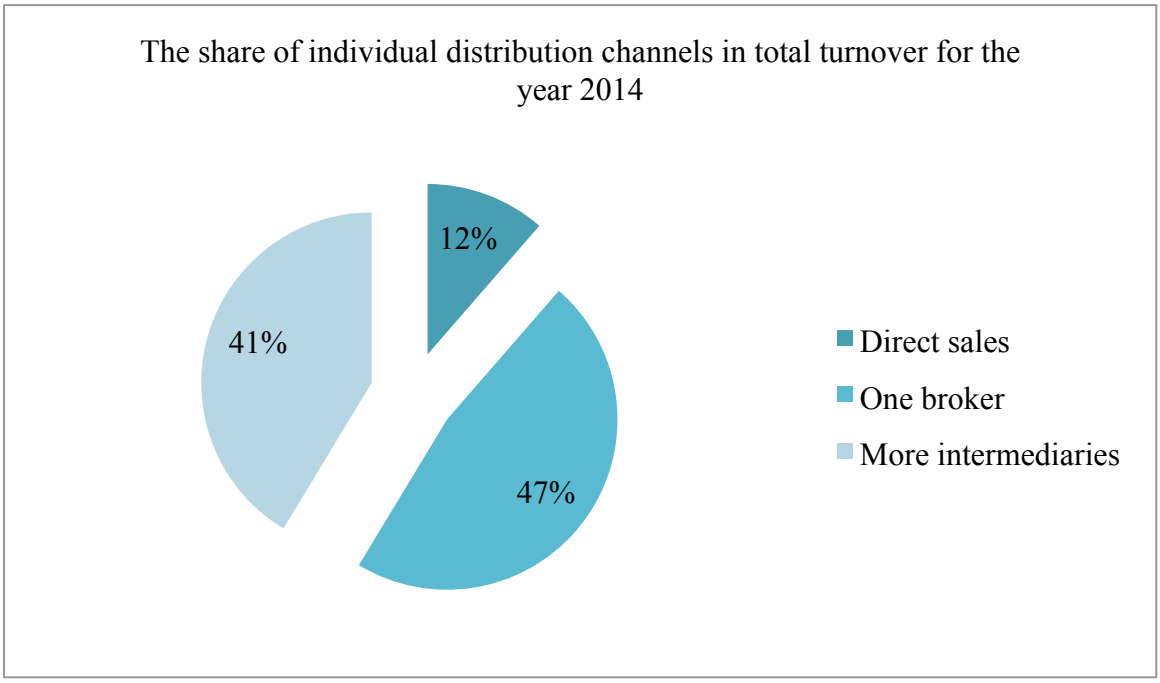


Fig. 5 The share of individual distribution channels in total turnover for the year 2014
Source: Own processing of internal data according to business „ZMRAZENÉ POLOPRODUKTY“

3.5 Marketing Communications

Marketing Communications (promotional mix) expresses the target reach potential customers in order to familiarize recipient of the message with the product business and its advantages, and ultimately his „convictions” of the suitability and relevance purchase a particular product. Enterprise „ZMRAZENÉ POLOPRODUKTY“ gaining new customers mainly through sales representatives. They actively seek and reach potential customers directly, usually in their operation (e.g. at the bakery, candy store). Vehicles are identified business advertising stickers. The enterprise is registered in the on-line catalogues and directories, drivers wearing working clothes with the logo of the company. Given the high expense and low efficiency of proven enterprise does not take the form of paid advertisements in print media, television or radio. In addition, the

company has a broad and relatively stable network of customers. The resources available to invest in additional services to customers prioritize their products in search engines agile management of its website in English, French and German, as well as distributing advertising materials for their customers. These are the pens, plastic bags, price tags and promotional stands with the logo of the company that used to exposure in a visible place and thus can increase awareness of the company. Funds that enterprise in the years 2010 - 2014 spent on the purposes of marketing communication we stated in Table 5. From the data it is clear that the enterprise marketing communication carried out prudently. In percentage terms, the share of sales 901 012 EUR in 2014 was only 0.17% advertising.

Tab. 5 Cost of Marketing Communication in 2010-2014

Year	2010	2011	2012	2013	2014
Costs in EUR	3 298	1 876	2 612	1 928	1 526

Source: Own processing using the company internal documents

SWOT analysis, we found that the company should choose a defensive strategy. According to the company management experience any problems in the market, so its main effort should be to develop a strategy to maintain market position and formulate a new sales strategy. Defensive Strategy should help to create resources for the subsequent transition to a growth strategy with expansion into foreign markets.

4 Discussion

The company offers a wide range of products. Unless we follow the shift from core product to an extended product the value of the product is higher than the actual core of the product. Of the products most sold item product line is „puff pastry" and sold at least „common bread". Puff pastry is involved in the undertaking's overall turnover more than 30% in 2011 alone it was 41.1% and in 2014 it was 32.79%. Although the „common bread" has the smallest share of turnover recorded an increase in sales. When in 2010 it was only 8.65%, in 2014 this figure was 14.77%.

By comparing the „profit and loss" for the period 2010-2014, we found a downward trend in sales of products resulting from the economic crisis and the arrival of new businesses in the sector. However, the company reported a profit in each year of the period. Price of the company products is competitive, even there exists a possibility of slight increases. By comparison, we found that randomly selected products „ham pizza" and „pastry„ sold the holdings surveyed are cheaper for the customer. We see the possibility of optimizing the review of trading partners and finding competitive advantage through such raw material suppliers who would be able to offer the same quality, better prices, and thus the company would reduce production costs and increase their profits.

Distribution production business is satisfactory; the company has its own means of transport, ensuring the delivery of quality product to the customer unspoiled. Direct sales in our own production accounted for only 12% of total sales in 2014. The most powerful is a

distribution channel with multiple intermediaries with a share of 47% of sales in 2014. The company is treated as the article selling their agents; therefore we suggest placing greater emphasis on their selection and subsequent quality training outside the company and move to outsourcing in this area.

We found deficiencies in marketing communication. Enterprise uses it partially. Although the company has its own web site, it does not have e-shop for registered wholesale customers. His service would speed up the booking process and increase sales efficiency with minimal cost. Business representatives should not hinder the creation of orders for service or signing new contracts in finding new customers because they would have registered themselves via the website of the company. Direct selling in the factory is not enough in the public consciousness or potential consumers in the vicinity. We recommend investing in five large billboards that would be at the entrance to the largest cities in Slovakia and informed about the food business and its products. Should this form has made a positive impact, i.e. increased sales, also do so in border areas in the language of the country. Presenting on charity events can raise awareness of the company and its products, which could also lead to an increase in sales, while the company built the team and its reputation. Other options can be seen in the participation in fairs and exhibitions especially abroad, as the company seeks to establish itself in foreign markets. The costs of marketing communication in 2014 decreased compared to 2010 by 46.27%.

SWOT analysis we demonstrated commencing business problems in the implementation of its activities in the market, therefore we propose to form a new bidding strategies. An enterprise should use its strengths, while the most apart from the competition and increase awareness of the manufacturing business, thus increasing investment in marketing communications.

Company after realization of the above proposals has the option of its revenue from sales to increase and streamline the activities of commercial agents. Selects its dealers should pay more attention to business, and conduct professional training as their share of the distribution company attaches great importance.

5 Conclusions

The paper aimed to assess a specification of the marketing mix production enterprise „ZMRAZENÉ POLOPRODUKTY“, exploring the attributes of the selected company for the evaluation of the success of sales and formulate recommendations and proposals for improvement of the prior marketing mix. Based on the results of the analysis of management interviews, observations and comparisons, we propose measures which the company will raise awareness about their products and services offered to him, which can lead to increased profits and achieving competitive advantage.

Assessment of the marketing mix implies that the company operates in its own premises, transport production to realize its own transport, and has 20 years of experience in the market, a wide range of products and numerous awards. It is ineffective marketing communications, to which the enterprise does not invest even 1% of annual sales. We recommend increasing the percentage of funds for marketing communications.

The competition is gaining momentum and has global dimensions. Opportunities in the domestic markets are declining, and therefore businesses aggressively expanding into

international markets. The visions of the company establish themselves in foreign markets assessed positively, despite the fact that it requires significant effort and major changes in the understanding of marketing communication.

Evaluation of the results of the company according to data from accounting documents for the last five years have provided the basis for several proposals that could help the company in further developing and achieving profitability.

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