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MARKETING STRATEGY DESIGN FOR YONEX COMPANY - NEW PRODUCT LAUNCH IN THE CZECH REPUBLIC

NÁVRH MARKETINGOVÉ STRATEGIE FIRMY YONEX - ZAVEDENÍ NOVÉHO VÝROBKU NA ČESKÝ TRH

MASTER'S THESIS

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Abstract

Master's Thesis deals with the launch of a new type of indoor sports shoes Yonex to the Czech market. The thesis is divided into several parts. The first is focused on theoretical analysis of the standard procedure for introducing of new products to the market which we are able to find in professional publications. The second, practical part analyses the introduction procedure of new indoor shoes in new floorball division of Yonex Company to the Czech market. The third, final part of this thesis includes evaluation of Yonex Floorball marketing strategy and recommendations for implementation and improvement for the launch procedure. The required outcome of this work is evaluation of the analysis and set a few mentioned recommendations, which can improve the launch process of the new floorball division of Yonex and simplify the process for the future.

Abstrakt

Diplomová práce je věnována problematice zavedení nového typu sportovních bot značky Yonex na český trh. Práce je rozdělena do více částí. První je především zaměřena na teoretický rozbor standardního postupu zavedení nového produktu na trh, který bývá uváděn v odborných publikacích. Druhá, praktická část analyzuje postup zavedení nového typu bot ve florbalové divizi Yonex na český trh. Třetí, závěrečná část práce je zhodnocení marketingové strategie firmy Yonex a stanovení doporučení, jak připravenou strategii zavedení produktu realizovat. Požadovaným výstupem práce je vyhodnocení analýzy a stanovení již zmíněných doporučení, které mohou proces zavádění nových produktů firmy Yonex zlepšit a popřípadě i celý proces usnadnit.

Key words

Entrance to a new market, marketing strategy market analysis, marketing mix

Klíčová slova

Vstup na nový trh, marketingová strategie, analýza trhu, marketingový mix

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Declaration of originality

I hereby declare that submitted master thesis is an original and was elaborated independently. I also declare that referencing of source is complete and my thesis did not violate the copyright law, within the meaning of Law No. 121/2000 Sb., on copyright and rights related to copyright.

In Brno on July 22, 2016.

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Author's signature

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INTRODUCTION

New product development and product launch are always awaited with much anxiety from both the consumers and the producers. New product and its introduction is a long-term process, involving a vast majority of a given company. Management, R&D team, marketing, supply chain, procurement, sales channels, stakeholders, that is just a fraction of organizational parts involved in the process shows how large operation a product launch is. This thesis will aim to analyse marketing strategy of Yonex Company on the example of a new product launch. To provide it with a real background, new product is ready to be launched in 2017, the Yonex indoor floorball shoe will be a base of the thesis. The goal is to introduce the problematic of new product launch to the reader, to analyse specific circumstances of the Yonex case and most importantly to evaluate proposed steps supported by further recommendations as to how to approach this particular case in order to ensure a successful product launch.

This thesis will follow the usual framework with deep analysis of theoretical concepts in the first part, therefore marketing, macro and micro market environment, marketing research, and marketing mix will be described.

Second part will be the practical part linked to profile of the company, which will briefly describe its history and management policy. Evaluation of the current situation will be supported by the analyses of the business environment and SWOT analysis, followed by the uncontrollable factors of macro environment in PESTLE analyses and micro environment in Porter's five forces analyses of industrial structure of the company.

Given the results of the analysis, the last chapter will include author's proposal and recommendations, which can improve the new product launch process, also showing a simplified financial budget.

OBJECTIVES OF THE THESIS

The purpose of this master's thesis is to suggest suitable marketing strategy for a new product launch for Yonex Company on the Czech market. The author considers Yonex Company to be a good candidate for a new product launch. Starting below, the theoretical framework describes which analysis is usually being used for a new product launch and how. After that follows practical / analytical part which analysis the current situation in the company. This analysis focuses on several topics such as company's external environment analysis, industrial background and key success factors of a sports equipment industry, followed by company's internal environment analysis.

1 THEORETICAL MARKETING FRAMEWORK

The following part of the paper analyses the theoretical background of the marketing. Basic principles and theories of marketing activities are introduced, as well as the marketing strategy and environment. The theoretical frameworks explain how the marketing strategy should look like and how to create marketing plan.

1.1 Marketing

1.1.1 Definition of Marketing

We can find many definitions of marketing on literature as well as on the internet and other resources. One of the basic and most understandable definitions is

"Marketing is defined as a social and managerial process by which individuals and groups meet their needs and desires in the process of production and exchange of goods or other values." (Kotler, Armstrong, 2015)

"Marketing is the process of planning and implementation of policies, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and organizations objectives." (AMA, 2007)

1.1.2 Development of Marketing

Since the beginning of business was an attempt to minimize the risk that is associated with the entry into the market while maximizing profits from business activities. Initial spontaneous efforts gradually through the collection of empirical experience began to develop into management methods which included all the necessary steps and procedures to ensure the likelihood of success on the market. Currently the company cannot only decide on an intuitive level but its activities must be supported by appropriate theory that has the most advanced analytical tools to facilitate and accelerate the analysis process to increase the chances of gaining a competitive advantage. This theory is marketing.

1.1.3 Importance of Marketing

The company, which wants to permanently succeed in the competitive struggle cannot currently operate without a marketing management. Today's market is described by high dynamic, ever-changing conditions, growing power of consumers and competitors

who fight for its attention. For these reasons, any attempt to characterize marketing activities only to a particular department in the organizational hierarchy of the company reflects a misunderstanding of its meaning. Marketing must be part of all employees and entrepreneurial thinking and management. Misunderstanding of marketing importance is also that when employees use only a part of the marketing mix, instead of a complete usage (Kaňovská, 2009).

1.2 Marketing Strategy of Product Launch

In a product launch process, the company's mission and objectives are defined by the company since the beginning of product planning. The goal of marketing is to create value for the customers and ensure a profitable relationship with the customers. To accomplish this, a marketing strategy is necessary. The marketing strategy defines which is the group of the customers company will serve and how will it be served to this customer group. The group of customers is defined through segmentation and targeting and the answer on how the company will serve to its customers comes via differentiation and positioning (further explanation will follow) (Kotler, et al. 2013).

We can also say that marketing strategy, as well as marketing, is a plan for putting the right products, in the right place, to the right market and right customers at the right time and price (Manktelow & Carlson, 2012).

Marketing strategy is usually developed as a selection of appropriate strategy from all possible options. It determines how company's resources, skills and competencies should be combined to build competitive advantage, and also a company's unique position should be defined and communicated (Porter, 1996).

Setting marketing objectives must correspond to the overall marketing strategy. It defines the mission of marketing activities and financial objectives. It also defines the group and the needs to satisfy market supply. As part of the marketing strategy is determined by competitive positioning product line that helps the "game plan" needed to achieve planning goals. As inputs to the marketing strategies, information from other company departments is used, such as business, shopping, manufacturing, as well as the personnel department. This process usually ensures that the company will provide the necessary support to effective implementation. The marketing strategy should

specifically address brand and customer strategies that will be used (Kotler, Keller, 2007).

1.2.1 Marketing Research

Marketing research involves conducting research to support marketing activities and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, consider the nature of the company's marketing environment and achieve information from suppliers. Marketing researchers use statistical methods like quantitative research, qualitative research, hypothesis tests, chi-square tests, linear regression, correlation, frequency distribution, Poisson distribution, binomial distribution, etc. to interpret their findings and convert data into information. Marketing research process has several stages, including problem definition, research and development project, collection and interpretation of data and dissemination of information in the form of a report. The task of marketing research is to provide management with relevant, accurate, reliable, valid and up to date information. It is important to distinguish between marketing and market research. Market research relates to research on a given market (De Mooij, 2013). For example, a company may conduct research in the target market, after choosing the appropriate market segment. In contrast, the marketing research apply to all research conducted within marketing. This means that market research is a subdivision of marketing research.

1.2.2 Segmentation

Many markets can be sorted into a number of segments. The market segmentation is described as dividing a large heterogeneous market into smaller and more specific submarkets with similar characteristics (Zikmund and D'amico, 1989).

The segmentation is one of the managerial methods of market analysis. It is a technique that allows the company to divide a large market into smaller and consistent parts and can choose the segment that best fits its mission and objectives set for their business. The market can be segmented by product type or the nature of customers. Choosing of the right perspective depends entirely on what the company considers as useful.

There are several possible aspects used as a segmenting variable, for instance age, sex, lifestyle, demographic, product usage or expectation (Kotler, 1999).

The aim of marketing is to identify clearly those segments with their differences and find ways to satisfy them. The company focus should be on those segments that can be administered only in the short term view but also in the long term run. The company's strategy should be in accordance with this segmentation option. Market segmentation should start with market research. There is a wide range of principles of segmentation. The most accepted criteria within scientists seem to be the **demographic criterion**, where potential customers are divided by age, gender, nationality, marital status, religion and so forth. The **geographic criterion** divides customers according to their location. This can be either regional, national, continental or even intercontinental segmentation. The **socio-economic criterion** monitors the socio-economic status, occupation, education, income and so forth. The **psychological factor** divides customers according to their values, beliefs, opinions and hobbies. Buying **behavioural criterion** is also important because it helps the companies to predict sales volume, approach against risks and willingness to conclude an agreement again. (Machková, 2006)

Segmentation process is divided into three parts:

1. **Conduct research** – at this stage we collect data on the properties of desired product, awareness of a particular brand and its assessment of the consumer, the intensity of usage of the product and product usage occasions, customer approach to the entire category of products, consumption characteristics (demographic, economic, psychological)
2. **Analysis** – data that we acquired in the previous stage and statistically processed at this stage
3. **Profile phase** – these are symptoms that are typical for persons belonging to a specific segment

Level of segmentation is understood so that they can act on any defined group of so-called “mass market” to micromarketing (focus only on the individual).

We can divide markets into many different ways. Generally, however, they are divided into:

- segmentation of consumer markets – by geographical area, the size of cities and towns, population density, demographic age, stage of the family cycle (single, married, divorced, etc.), gender, income, education, social class, level of loyalty attitudes towards product and many others
- B2B markets segmentation – industry, company size, risk attitude, etc.

(Kotler, Keller, 2007)

1.2.3 Targeting

Targeting is practically the next step after the market segmentation. In this case, the goal is to select from the identified market segments. Selected segments must be rentable for the company and its marketing. The segments must not only be large enough to provide sufficient income, but the company must have enough funds to satisfy them.

The trends in medium to large enterprises are to create uniformity in marketing strategies and bring same products onto various markets in different countries. This global approach to the targeting and positioning helps a company to serve much larger segments of customers and gain profits in multiple countries while cutting costs.

Once we define market segments and their potential is assessed (depending on the size of the segment, the growth rate and the set objectives of the company) it must be determined by implementing a marketing plan, on how many and which ones will the firm focus the specific product. Generally, there are three different approaches to reach their target market. The target market is defined as “a set of buyers sharing certain common needs or characteristics that the company decides to operate” (Kotler, 2007).

- Undifferentiated marketing – the company does not take into account the differences between individual segments and uses a unified segmentation strategy in which comes to the market with a unified offering
- Differentiated marketing – the company takes into account the individual segments and adapts its offer to them
- Concentrated marketing – the company is focusing on acquiring large market share in one or a few market segments or micro-segments

When choosing an appropriate strategy we must base on many different factors and compare them. Company's available resources usually determine which strategy will be used. If a firm has only limited resources, it makes sense to use a concentrated marketing. Mass marketing is more suitable for "uniform products", such as food, inexpensive cosmetics, etc. (Kotler, 2004).

1.2.4 Positioning

After the target market selection process, it is a necessary to perform the positioning of the product. Boone & Kurtz (2006) defined this as a process of product differentiation in the minds of customers. The aim of positioning is crucial to place the product in the minds of customers to feel that the product is something else. They need to feel that a particular product is better, more interesting and more seductive than competitor's one.

An important part of this process is seeking the competitive advantage. Kay (1994) defined competitive advantage as the ability to perform more on the same market, derived from attributes and resources. This means that competitive advantage is something that helps customers to differentiate the product from competitors, which can be done by using a variety of attributes, increasing performance technology, lower cost, etc.

"Positioning is a key decision of the strategic management of the company. It reflects the status of the product among other products offered on the market. This allows the company to customize the offer according to the changing environment, buyer expectations and strength of the competitors." (Machková, 2006).

Furthermore, Kotler et al (2013) defines positioning as a place which companies occupy in the customers mind to distinguish their products from the competitors. In the positioning of a company, the customer value differentiations and the advantages of the products towards the customers are very important. If a company promises better value than the competitor, it is a must to deliver those values. This process is reached through the differentiation of the market offering to create greater customer value (Kotler, et al. 2013).

Positioning as well as segmentation is dynamic. This is not the situation that reflects the static conditions, but it must be monitored constantly. It is necessary to get constant

feedback, in order to be ready to set the marketing mix according to special condition changes.

1.3 Key Success Factors

The concept of key success factors determines several actions, which are the primary determinants of success in a particular sector or industry. The company should come to these KSFs of the sector and to analyze to what extent it meets the following factors. In the event that the company is good at those aspects it will help to develop and maintain a strong competitive position. Finally, fulfilling KSFs is an important step towards achieving the business goals (Hill, 2011).

1.4 External Marketing Environment Analysis

Marketing environment is a set of all the influences that affect or may in the future affect a company and its objectives. The marketing environment of the company includes the four marketing mix components (product, price, place and promotion) as well as seven environmental elements (politics, economics, technology, society, nature, regulation and competition), (Bovee and Thill, 1992). Furthermore, all elements can be divided into controllable and uncontrollable elements.

Controllable elements compose of internal factors in the marketing environment that marketers can modify and control, specifically their own pricing, promotion, distribution and product selection (Bovee and Thill, 1992).

Uncontrollable elements capture a number of external factors that affect companies and marketers has very little control over them. These factors are always changing, can create new opportunities, but also pose threats (Kotler, 2004). Factors are characterized as being uncertain and changeable. The aim is to understand how the various factors affect products, distribution, promotion, and pricing, both currently and into the future (Bovee and Thill, 1992). The analysis of these factors provides PESTEL (Political, Economics, Socio-cultural, Technological, Environmental and Legal) framework.

The marketing department's task is to watch the changing environment and adapt the strategy of the company. Customer and competition behaviour should be analysed

carefully to be able to take advantage of every opportunity and, on the other hand, try to avoid threats and solve problems occurring in the market (Kotler, 2004). Any factor of the environment can affect your resources, opportunities, objectives and strategies. For instance, some markets can be closed down due to government regulations or changes in demographics can also influence company's product, promotion and price (Bovee and Thill, 1992). Therefore, marketers have to think about internal factors, such as the marketing mix, in the context of the overall marketing environment.

Each company is part of the micro and macro environment. While micro-environment consists of circumstances, influences and situations that a company can affect their behaviour, macro-environment can affect corporate activities only with difficulties.

1.4.1 Macro analysis

Macro environment is composed by six powerful factors which may influence the company, displayed in Figure 1.



Figure 1: MAIN FORCES IN THE ORGANIZATIONS MACRO ENVIRONMENT

(Source: own)

1.4.1.1 PESTLE analysis

One of the tools used to evaluate the external environment is called. PESTLE analysis, which provides a clear summary of the factors that could affect the success or failure of marketing strategies. PESTLE acronym is derived from the first letters of the words Political, Economical, Social, Technological, Legal and Environmental.

- **Political factors**

First of all, political factors refer to the stability of the political environment and the practices and approaches of political parties. Political processes along with some legal actions may have remarkable impacts on businesses and international trade (Zikmund and D'amico, 1989).

- **Economical factors**

The economy influences producers and consumers alike. The major economic elements from marketing perspective are business cycles, consumer income, and customer willingness to spend (Bovee and Thill, 1992). If the economy slows down, some companies can hardly survive even if they seem to be doing everything right. On the other hand, during economic growth, company's sales may increase without its endeavour. Furthermore, if a company enters a new market, general overview of economic situation of a particular market, can help to build business there, as the level of economic development of the country affects consumer behaviour. Consumers in less developed countries tend to prefer basic products without any extra features, whereas in more advanced nations people are willing to pay for additional attributes and features (Hill, 2011).

- **Social factors**

Socio-cultural factors present the culture of a particular society that an organization operates in. It may include level of education, living conditions and lifestyle, demographic trends, role of men and women, social classes, immigration issues or other values and beliefs (Bovee and Thill, 1992). All these elements influence how consumers perceive, use and purchase products. Considering the differences between societies, social values strongly influence marketing strategy and international trade.

- **Technological factors**

Technological trends and developments have a substantial impact on companies. In today's word, the level of innovation and technological development is high. All departments within a business use technology and information technology in one form or another. Naturally, there are differences between companies in the levels of technology. Kotler (1999) claims, that the market leader is the one who innovates successfully and continuously. This claim suggests, that adapting to changing technology is a crucial step in becoming a successful player and competitor in the market.

- **Legal factors**

Companies need to monitor regulations and legislation developments that can support or hurt their operations (Kotler, 1999). Laws and regulations cover a large field of issues, including pricing, packaging, distribution and product labeling, branding or others (Bovee and Thill, 1992). It influences the marketing mix of a product complexly, thus, it is fairly important to understand the regulatory environment and meet its demand. Moreover, when doing business in other country, companies have to know and follow the local rules.

No company can exist without interaction with the environment. It affects and is affected by marketing micro-environment, which includes suppliers, clients, customers, competitors and the public as well.

- **Environmental factors**

The availability of natural resources, treating the environment and climate, waste disposal and recycling processes or geological events cover environmental factors. These factors and its changes affect everyone in the economy, whether positively or negatively (Bovee and Thill, 1992). For instance, lack of natural resources can damage a business. On the other hand investing in renewable sources can open new opportunities.

Companies need to monitor regulations and legislation developments that can support or hurt their operations (Kotler, 1999). Laws and regulations cover a large field of issues,

including pricing, packaging, distribution and product labelling, branding or others (Bovee and Thill, 1992). It influences the marketing mix of a product complexly, thus, it is fairly important to understand the regulatory environment and meet its demand. Moreover, when doing business in other country, companies have to know and follow the local rules.

For analysis it is especially important to estimate the factors that may change in the near future, in what manner and how it will affect the strategic planning of the company. This assumption is even more complicated, some of the factors that have the potential to alter other factors – advances in technology may affect economic factors (job creation), social factors (influence leisure time) and environmental factors (pollution reduction) (Johnson, et al. 2008).

1.4.2 Competition

One of the most important aspects of the marketing environment is competition. Competition is the rivalry between companies approaching the same set of customers, with the common goal of achieving revenue, profit and market share (Bovee and Thill, 1992). There are several types of competition. The first is direct competition among the companies selling similar products. The second type is indirect competition between those who sell similar products, but with different strategy. The last one occurs between companies whose product can be substituted (Bovee and Thill, 1992).

Another factor influencing the marketing strategy, mainly pricing strategy, is the competitive market structure of an industry. There are four basic types of market structures: pure competition, monopolistic competition, oligopoly and monopoly. In pure competition there are no barriers to entry with unlimited number of small perfectly competing firms. Monopolistic competition is a type of imperfect competition in which firms have many competitors, but each one sells a slightly different product and hence is not perfect substitutes. Oligopoly is a structure in which a market is controlled by a small number of companies that together manage the majority of the market share. Lastly, in monopolistic structure exists only one producer and there are no suitable substitutes (Zikmund and D'amico, 1989).

Designing the marketing strategy includes knowing and understanding the competition. The framework of Porter's 5 Forces can help to analyse competitors and the intensity of competition within an industry.

1.4.3 Micro analysis

Micro environment has a direct influence in the firms marketing operations and to same extent are controllable factors. This is displayed in Figure 2.

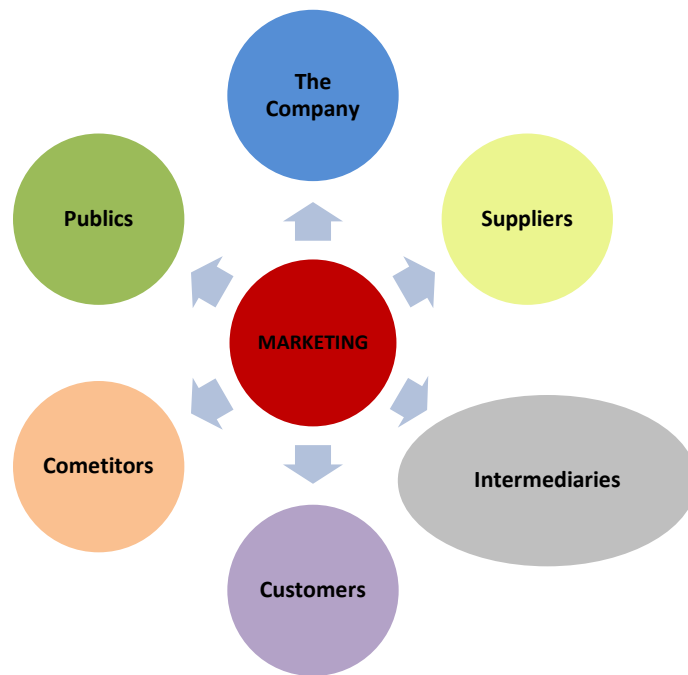


Figure 2: MAIN FORCES IN THE ORGANIZATIONS MICRO ENVIRONMENT

(Source: own)

1.4.3.1 Porter's five forces analysis

Dealing with factors influencing the micro-environment is also well-known economist and university professor Michael Eugene Porter, who is the author of so called "Porter's five forces model", which is an analysis of five competitive factors:

A framework is based on the concept of five competitive forces that determine the competitive intensity and attractiveness of a market (industry) and help to define weaknesses and strengths of the industry. The concept is useful when analyzing current competitive position of an organization in industry. The ultimate function of the framework is to explain the sustainability of profits against direct and indirect competition (Porter, 1980).

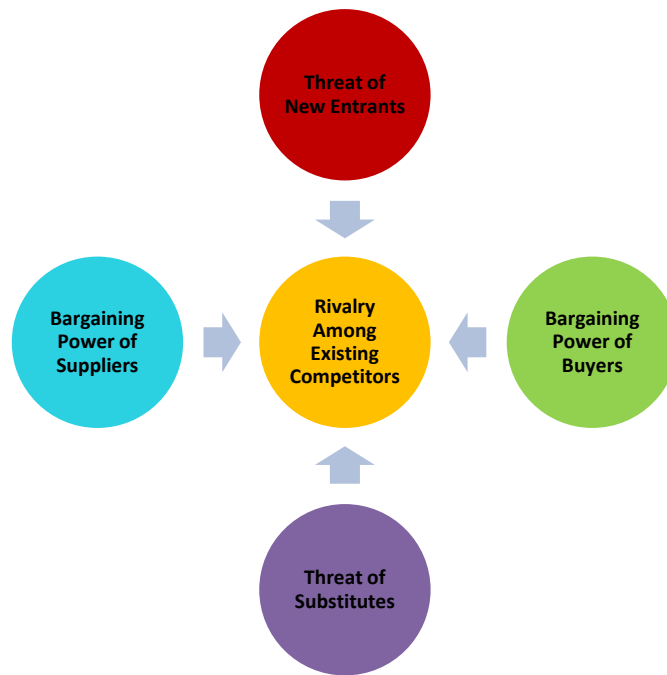


Figure 3: PORTER'S FIVE FORCES ANALYSIS

(Source: own)

The five competitive forces are:

- **Bargaining Power of Suppliers**

If vendors can use superiority when negotiating and raise the price or quality of products and services (for example, due to circumstances that they are more concentrated than the industry itself, which they are suppliers to), then they can compensate the incompetent industry to increase in costs by increasing its prices to obtain higher yields.

- **Bargaining Power of Buyers**

Main aim is to reduce the price of the product, its higher quality, or increase the benefits it provides. Under certain circumstances (if the concentrated group of customers purchases a bigger amount of products manufactured in the industry) has on the manufacturers in this sector a very strong impact.

- **Competitive Rivalry among Existing Competitors**

Rivalry between competitors can have a number of similarities. Advertising campaigns, improved customer service and price competition with one firm in the industry have a visible effect on the warring partners may provoke revenge or efforts of compensation. If industry growth rates are too slow and actions and counteractions of the companies in the sector are too intense, then all the subjects on the market may be worse than at the beginning.

- **Threat of Substitutes**

Substitutes replacing product, limit the potential returns that determine price freezes, which can company in the industry charge as a profit. The more attractive pricing alternative is offered by substitutes, the stronger is the freeze on industry profitability.

- **Threat of New Entrants**

New entrants companies bring into the industry new capacity, seeks to gain market share and bring new sources. The threat of entry of new firms into the sector depends on the response of existing subscribers, which can be expected by the new entry firm. If barriers of entry are high, or if the competitors have the possibility of a sharp response, the threat of new entrants is small.

(Porter, 1980)

1.5 Internal Business Environment Analysis

1.5.1 Marketing Mix

Marketing managers achieve goals and satisfy customers through managing the marketing activities. The marketing mix is a set of key activities. Although many activities constitute the marketing mix, today's authors commonly present a classification consisting of four Ps of marketing: product, price, place, and promotion, whereas each P covers several activities (Zikmund and D'amico, 1989). The four P's framework calls upon marketers to decide on a product and its characteristics, set a price for the product, get the product to a place where people buy it and design a way for promoting the product (Kotler, 1999). When defining and managing the marketing mix, managers have to remember the external forces, because of the amount of influence these forces have (Bovee and Thill, 1992).

Marketing mix as a term was firstly introduced in 1960 by Professor Jerry McCarthy. The whole concept of marketing mix consists of 4 subparts – product, price, place and promotion, therefore it is also known like 4 P's. Marketing mix was modified by numerous authors since his first introduction by McCarthy (1960). Some sources consider Borden (1964) as the author of the whole concept, but he used fourteen different marketing tools in his model, not 4P's.

The most known author who made marketing mix really popular was Philip Kotler, who emphasized that segmentation, targeting and positioning are necessary processes, which need to be done before marketing mix creation. According to Kotler and Armstrong (2004) marketing mix refers as a set of tactical marketing tools, which allows adjusting supply according to the needs and requirements of the target market.

In the 1990s, the concept of four C's was introduced as a more customer-driven replacement of 4 P's. There are two theories based on four Cs: Lauterborn's four Cs (consumer, cost, communication, convenience), and Shimizu's four Cs (commodity, cost, communication, channel)

For the sake of this thesis, the original framework of marketing mix seem to be sufficient, therefore the alternative frameworks will not be developed further.

To understand the marketing mix framework, further explanation of each P follows.

1.5.2 Product

“A product is anything that can be offered to a market that might satisfy a want or need.” (Kotler, Keller, 2009).

Product is the article which has been developed by a company or manufacturer which desires to sell it to the customer. Product is the main competing item of the company and it is considered to be the heart of marketing mix. If a product does not fulfil the customer needs, or satisfaction, the price, promotion and place will not be able to achieve the marketing target (Akrani, 2010).

It is clearly the most important part of marketing mix and it plays a crucial role. It symbolises not only an article itself, but a service or idea as well. Therefore we divide products into two main parts: tangible and intangible.

Tangible products represent physical objects, such as electronics, clothing etc. On the other hand **intangible** products are not touchable, e.g. insurance, loans, etc.

It is product, that the other Ps are influenced by and derived from. The product itself, as suggested by Phillip Kotler, should be viewed in three different levels (Kotler, 2011):

- **Core Product.** Core of the product is represented by its technical features and by the primary function. In globalized word, it is very difficult to differentiate the core product from the competition. However, for the luxury products and innovative and technologically rich product, core remains a key dimension.
- **Actual Product.** This dimension includes additional features such as packaging, brand and other features that ensure differentiation from competition.
- **Augmented Product.** After sales services such as warranty, delivery etc. are non-tangible benefits of the product that can further differentiate the product offered and influence consumers.

In terms of product it is necessary to analyse assortment of products, quality, design and brand.

1.5.3 Price

The second element of the marketing mix is price, the amount of money given in return for the product (Zikmund and D'amico, 1989). Price is strong and important component that differs from the other elements in that revenue, all others can be considered cost. Pricing has a direct impact on the earnings of the company. Companies put their efforts to keep their prices as high as possible, with regard to the relationship between price and volume (Kotler, 1999). Companies are trying to balance the level of volume and product prices to maximize the profits. In addition, the price makes the product image. At a high price, customers expect more exclusive product and vice versa (Bovee and Thill, 1992). So, the pricing is quite a difficult task, which the marketing managers have to face. Conducting marketing researches helps to define what customers believe it is worth the price.

Price as such represents the amount that a consumer is willing to pay for the sum of the benefits and the right to utilise given product. It is this element of marketing mix that creates revenues and positively (if rightly set) affects profitability (Hollensen, 2007). It

is also the most flexible one since adjustments to price can be done fairly quickly responding to the change in demand or other conditions on the market. Price can be determined by several factors such as; product manufacturing cost, market share, target customers, type of the product etc. (van Vliet, 2013). It is not only demand from the consumer side that affects the price.

1.5.4 Place

Place, perhaps more suitably called distribution, is the third component of the marketing mix. It primarily deals with logistics and so called channel management. It determines how the finished products get from the producer to the customer, how quickly and in what conditions (Zikmund and D'amico, 1989). The aim is to get the right product to the right place at the right time. The selection of distribution channels includes the people and organizations involved in bringing the product to customers, including wholesalers and retailers. Distribution activities also cover transportation, storage, packaging, inventory or order processing (Bovee and Thill, 1992). The selection of distribution method is influenced by many factors. For some manufacturers, it can be more convenient to sell directly to retailers or customers, while some may prefer to sell through wholesalers. Both distribution choices can be found within industries.

International logistics is concerned with all the processes that have for aim to get the product to the final market and keep it there and subsequently sell it such as transportation or warehousing but it also establishes control mechanisms that ensure that the product is of the highest quality. Channel management primarily deals with the ways companies create programs that have for aim to serve potential markets and consequently customers in these market. By evaluating buying patterns, shopping patterns, business environment, etc. companies are able to tailor the distribution for specific market and choose the right channel. Distribution is also considered the least flexible part of the marketing mix due to its long-term fixation, contractual agreements to suppliers, buyers, potential high cost of adjustments and overall importance and ties with all other marketing decisions made within a business (Machková et al, 2010).

The length of a distribution channel is often the factor of success. Well considered combination of direct and indirect channels may lead to cost cutting and improvement in process effectiveness. Direct channels are used when delivering a product directly

from a producer to a consumer within B2C model or corporate client in B2B model. In B2C more often we see an indirect method of a distribution via retailers. In B2B retailers are replaced by distributors (Kotler et al, 2007).

There are number of ways, we can divide distribution into smaller, more specialized types. Distribution differs according to the nature of product. As such, there are three general types of distribution (Kotler, 2002):

- **Intensive Distribution.** Here, the nature of products requires availability across a large number of stores and immediate availability. The distributor aims to cover as much market share as possible and this strategy puts even more pressure on the channel management. This is typical for FMCG (Fast Moving Consumer Goods) products. Of all distribution strategies, this one gives the greatest power to retailers.
- **Selective Distribution.** In case producers are seeking greater control in terms of advertising, merchandising and pricing, they tend to opt for selective distribution, which allows them to control their standards more closely than in the case of intensive distribution. This strategy is therefore advantageous for a branded product, which is the brand's reputation directly related to the sales environment. Electronics or fashion can be one of the groups of products sold in this manner.
- **Exclusive Distribution.** The key aspect of this strategy is only limited number of retailers or distributors that have a right to sell the products in the given region or country. This gives the company much tighter control over strategy, prices, communication and brand management.

The above-mentioned concepts of distribution fall into a larger group called Vertical Marketing System (VMS). In this system there exist contractual agreements among all the actors such as the original producer, dealer or retailer. All these actors have to coordinate and as already mentioned above, one may enjoy more power. (If it is retailer, intensive distribution will be used). The main idea of the cooperation is to put some control mechanism in place to coordinate channel management. (Armstrong, Kotler, 2000). Opposite of the VMS, a Horizontal Marketing System (HMS) represents

strategic buying alliances where two or more companies at the same level leverage their buying power in order to get big volumes for advantageous prices.

Every country has its own unique infrastructure and distribution ways. While entering such new distribution web a company may evaluate with whom to work with and on what terms.

1.5.5 Promotion (Communication Strategy)

Marketing communication is the most visible tool of marketing mix. It involves all the tools of communication mix, through which the company communicates with the target groups to promote products or image of the company as such.

Marketing communication performs many functions for consumers. Consumers may be told or shown how and why the product is sold, from what kind of people and when. Consumers can find out who manufactured the product, which company and brand stands behind it and can get incentives or rewards when they try the product out or they will use it regularly. Marketing communication enables companies to associate their brand with other people, places, events, other brands, experiences, feelings and things. Marketing communication can contribute to the value of the brand that it inspire the minds of consumers and will complete its image (Kotler, Keller, 2007).

Communication mix

As synonymous of marketing communication is often considered the word “advertising” and especially because it is clearly the most visible tool of communication mix. However, there are many other communication tools, each of which has its own special characteristics, strengths and weaknesses. For the needs of the practical part of this work, the following are particularly suitable:

- **Advertising** – impersonal mass communication tool that uses the media (television, print ...)
- **Sales support** – a campaign to stimulate sales (samples, contests, flyers, vouchers ...)

- Public relations – all activities through which the company communicates with its surroundings and all its stakeholders (these activities are not paid by the company and their content is generally prepared by journalists)
- **Communication in the sales or shopping place** – usually takes place in the store and has a number of tools: advertising in trade, specific identification of goods on shelves ...)
- **Exhibitions and fairs** – are particularly important reasons that strengthen the relationship between producers, suppliers and end customers
- **Direct marketing communication** – direct personal contact with customers and potential customers (direct addressing of customers, thematically prepared brochures with feedback etc.).
- **Interactive marketing** – uses new media, enabling a new way of communication with the various stakeholders and linking communications with business (typically, for example, communication with the end customer through interest groups on social networks)

(Pelsmacker, 2003)

Individual rapidly evolving methods of communication mean that it is re-evaluated the role of the media and various communication tools. New technologies help to communicate with different groups of customers (segments) more accurately. Here arises the need to unify all forms of marketing communications into Integrated Marketing Communications (IMC), which requires knowledge of all the points of contact where the customer meets with the company, its products and brands. Through the use of IMC companies try to communicate clearly, convincingly and consistently especially in all points of contact (Kotler, Armstrong, 2004)

1.5.6 Brand

Brand management is increasingly important in today's world. It is directly connected to marketing mix through the product or promotion dimension of it. It is placed under promotion in this thesis to show its impact on consumer however it may as well be a part of the product dimension since it is clearly a part of an "Actual Product" (Page number).

1.5.7 SWOT Analysis

SWOT analysis is one of the most popular and best known environmental analyses. It is a process that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, analytical framework that assesses what an organization can and cannot do, as well as its potential opportunities and threats. A SWOT analysis takes information from an environmental analysis and separates it into internal strengths and weaknesses as well as external opportunities and threats (Investopedia, 2016).

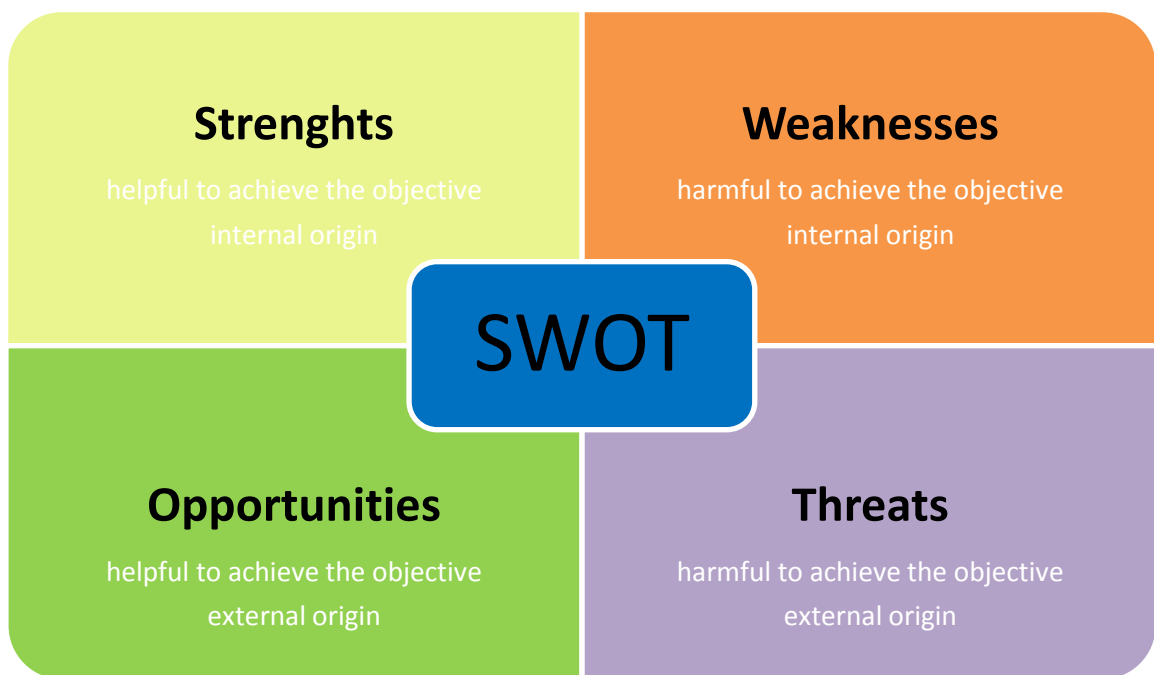


Figure 4: SWOT ANALYSIS MATRIX

(Source: own)

1.6 Implementation of Marketing Strategy

Preparation and planning of a good quality strategy are just the beginning of successful marketing of a products or service. Also high quality marketing strategy does not make much sense unless the company is able to successfully implement it. Under marketing implementation we understand a process, within which marketing plans and strategies are put into practice. The main aim of the marketing activities is the execution of marketing objectives.

Implementation of marketing plans consists not only of single activities, but also from everyday routines, which are essential to achieve your marketing objectives. Of the commonly known rule “do things right is more important than doing the right things” is clear that responsibly conducted implementations can gain a competitive advantage, even though the company, compared with competitors, have worse marketing plan or fewer resources to perform all the required measures.

“Successful marketing implementation depends on how well the company manages to utilize human resources, which has an organizational structure, what form has the decision-making process within the company, if staff of the company is motivated and what is the company culture. All these elements should be used to support the company strategy.” (Kotler, Armstrong, 2004).

1.7 Financial Planning

Business plans and marketing research data including their interpretation is one of the bases of financial planning. On this basis we can build a turnover forecast of expenditure and profitability analysis. While the category of income shows the expected sales volume (normally proportioned monthly), categories of expenditure should include all costs allocated to the product and divided into several categories. Profitability analysis then shows how many units must be sold per unit of time, to balance fixed and variable expenses with revenues from sales of the product (Kotler, Keller, 2007).

The most widely used profitability analysis is probably a graphical representation of a break-even point, where the horizontal axis is selling a product in pieces, and the vertical axis the turnover of these products.

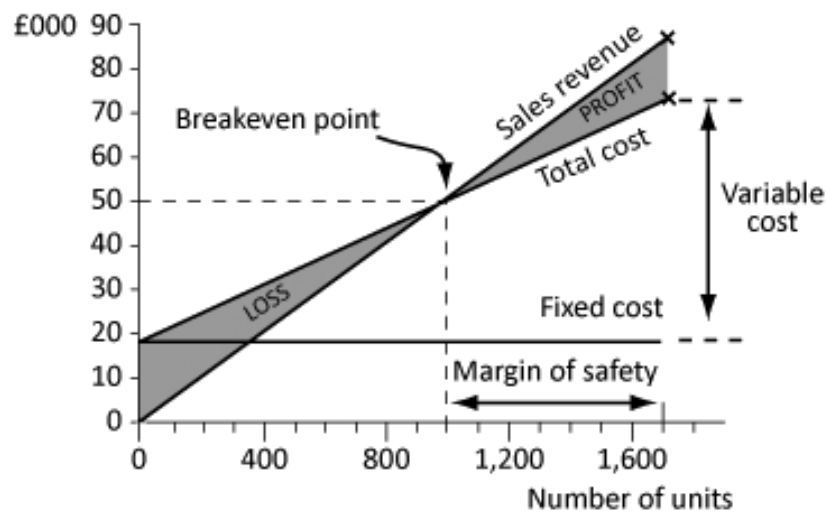


Figure 5 BREAK EVEN POINT ANALYSIS GRAPH

(Source: KF Knowledge Bank.co.uk)

1.8 Marketing Control

During the implementation of marketing plans there are many factors affecting the process, some of which not only have a major impact on the course of implementation, but also affect the performance of the set marketing objectives. To capture the effect of these factors in time and implement the steps leading to their elimination in time, or at least mitigate their effects, the marketing department has to carry out continuous marketing control.

“Marketing control is the process of measuring and evaluating the results of marketing strategies and plans relating to any corrective actions to detect meeting of marketing objectives.” (Kotler, Armstrong, 2004).

The control process illustrated in Figure 2 generally performs four basic types of marketing control.



Figure 6: CONTROL PROCESS

(Source: Kotler, Keller, 2007)

- **Annual plan control** – intends to verify the planned results, according to the adjusted annual plan. Evaluated are usually sales, market share, turnover ratio, financial analysis or analysis of results by markets.
- **Profitability control** – determines in which areas the company makes profit and in which it losses. Profitability is measured by product, territory, type of customer, segment or sales channel.
- **Effectiveness monitoring** – evaluating and improving the effectiveness of costs, including the impact of marketing expenditures (which measures the effectiveness of advertising, sales promotion, or distribution).
- **Strategy control** – has the task of investigating whether the company monitors effectiveness of the best marketing opportunities with regard to markets, products and channels. Strategy controls are frequently carried out using a **marketing audit**, which is defined as exhaustive systematic and periodic examination of the marketing environment, objectives, strategies and activities of companies or business units with the intent to identify problem areas and opportunities and recommend an action plan of improvement.

(Kotler, Keller, 2007)

“Exhaustive systematic and periodic examination of marketing environment, objectives, strategies and activities of companies or business units with the intent to identify

problem areas and opportunities and recommend an action plan to improve the marketing performance of the company” (Kotler, Keller, 2007).

2 CURRENT SITUATION ANALYSIS

2.1 Company profile

YONEX CO., LTD. is a Japanese company which is mainly engaged in the manufacture, purchase and sale of sports equipment. The Company operates in two business segments. The Sports Supplies segment is engaged in the manufacture and sale of badminton rackets, soft tennis rackets, tennis rackets, golf clubs, snowboards, shuttlecocks and strings, as well as the purchase and sale of sportswear and shoes, among others. The Sports Facilities segment is engaged in the operation of tennis and golf driving ranges, as well as golf courses. As of March 31, 2014, the Company had six subsidiaries (Reuters, 2016).

YONEX constantly strives for perfection. In order to achieve the best results possible, YONEX is guided by an unshakable company philosophy and a robust set of management policies. Furthermore, the design of their corporate logo is rich with the values and messages, YONEX wishes to communicate throughout the world (Yonex Corporate Website, 2016).

Company management policy

- We will challenge the world through sports by chasing the dream.
- We are devoted to providing best products and services to contribute to the development of society and culture.
- Based on new ideas, theory, and with time, we will create the next generation.
- We strive to stimulate the organization through trust and cooperation and recognizing our responsibility.
- We strive for innovation and inner growth through relentless and tireless research.
- Be passionate about work, enthusiastic about your well-being which will translate into positive work place (Yonex Corporate Website, 2016).

Company history

The company was founded in 1946 by Minoru Yoneyama as a producer of wooden floats for fishing nets. The company was later forced out of this market because of the invention of plastic floats. This led to commitment by Yoneyama to never again be left behind by technological advancements.

In 1957, Yoneyama began to make badminton racquets for other brands. By 1961, the first Yoneyama-branded racquet was introduced, and within another two years an export company was created for the worldwide distribution. After the company began to make aluminium badminton racquets in 1969, it found that the same technology could be applied to the tennis racket which the company introduced in 1971. The company began to experiment with graphite shafts for both types of rackets and found that these would also be useful for golf clubs.

Finding a growing market, the Yonex Corporation (a wholly owned subsidiary) was established in Torrance, California in July 1983. In 1992 Yonex introduced the widebody badminton racket, the “Isometric 500”, a racquet that was much less “tear drop”-shaped than previous ones. The more “square” head gave it a much larger striking surface, which provides a larger “sweet spot” to hit the shuttle. It led other manufacturers to follow suit in “square-head” or isometric designs.

The parent company was listed on the Tokyo Stock Exchange in 1994. Yonex describes itself as the world leader in golf, tennis and badminton equipment (Yonex Corporate Website, 2016).

Yonex provides clothing for national badminton associations around the world, such as the Malaysian Badminton Association, Badminton Scotland, Badminton England, Badminton Ireland, and Badminton Wales. Yonex has also been teaming up with OCBC (Orange County Badminton Club) since 2007 to host the annual U.S. Open Grand Prix Badminton Championships (BWF, 2011).

Yonex has managed to become the dominant corporate player in badminton. Yonex sponsors the All England Open Badminton Championships and is a partner of the Badminton World Federation which organizes the World Championships (BWF,

2011). Upwards of 80% of competitive players use their racquets, as it is the preferred choice amongst professionals (Badminton Information, 2016). Yonex is significant in both the tennis and golf industry and is a major sponsor of professional athletes in all three sports (Yonex Corporate Website, 2016).

2.2 PESTLE analysis

Political factors

Political situation in central Europe is quite stable, however recent years of crisis lead to a few recommendations made by European Commission for Czech Republic, which should be done in recent time to support the economic recovery process in the whole Europe (European Commission, 2016).

According to 2016 European Commission's recommendations Czech Republic should assign sustainable public finances in the long term, in light of future risks in the area of healthcare, because of the deficit, which is higher than expected. Czech Republic should also adopt legislation to strengthen the fiscal framework.

The political situation will influence the healthcare system, which needs to be reformed due to the facts mentioned above (increasing life expectancy, population growth, etc.)

It will have to target public investments wisely and include the help of European's structural funds that should lead to job creation and economic growth. Reduce regulatory and administrative barriers to investment, notably in transport and energy, and increase the availability of e-government services. Adopt the outstanding anti-corruption reforms and improve public procurement practices.

Czech Republic will also have to improve the taxation process, because the taxes on labour are higher than EU average. They should be lowered to promote employment. The gap in taxation then could be filled by improvements in tax administration processes.

One of the most crucial factors in terms of political situation in Czech Republic will be the problem with a huge increase of universities students in recent years. Czech

government will have to ensure the employability of these students by regulating the skills needed to be successful in the labour market.

Strengthen governance in the R&D system and facilitate the links between academia and enterprises. Raise the attractiveness of the teaching profession and take measures to increase the inclusion of disadvantaged children, including Gypsies, in mainstream schools and pre-schools. Remove the obstacles to greater labour market participation by under-represented groups, particularly women (European Commission, 2016).

Economical factors

Economic policy is geared towards creating steady growth and more jobs in the EU.

The economic recovery continues at a moderate pace in the euro area. Real GDP is expected to grow by 1.6% in 2015, gradually picking up to 1.9% in 2017, and the output gap is expected to progressively close (European Commission, 2016).

Across the EU, real GDP should rise from 1.9% in 2015 to 2.0% in 2016 and 2.1% in 2017. Employment in the EU should increase by 1.0% in 2015 and 0.9% between 2016 and 2017. The unemployment rate should fall from 9.5% in 2015 to 9.2% in 2016 and 8.9% in 2017. Annual inflation in the EU should increase from 0 % in 2015 to 1.1% next year and 1.6% in 2017. In the EU as a whole should aggregate deficit ratio in 2017 is estimated to drop from this year's projected 2.5% to 1.6% while the ratio of debt to GDP should of 87.8%, foreseen for this year, in 2017, to drop to 85.8% (European Commission, 2015).

The Czech economy has rebounded from the 2012/13 recession and real GDP growth is expected to have reached 4.5 % in 2015.

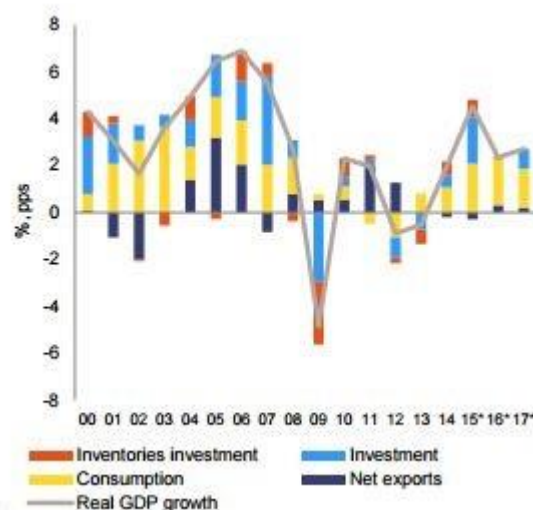


Figure 7: REAL GDP GROWTH IN THE CZECH REPUBLIC (2000 – 2017)

(Source: European Commission, 2016)

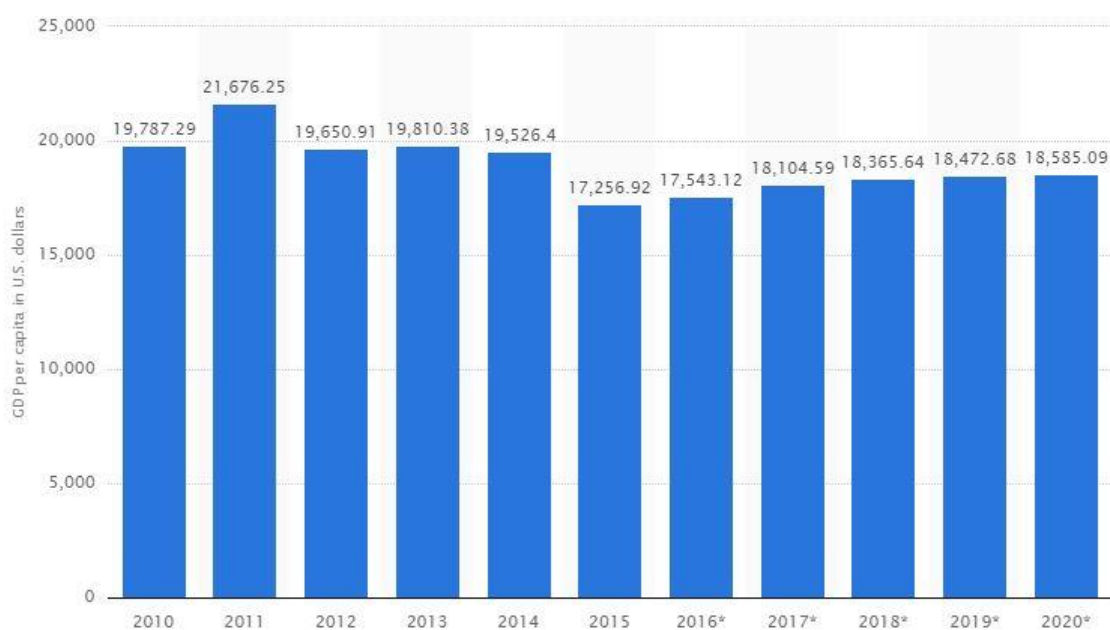


Figure 8: GDP PER CAPITA IN CURRENT PRICES (2010 – 2020) in U.S. dollars

(Source: Statista, 2016)

Czech government plans to stimulate the economy by significant investments to science, research and infrastructure. Different resources publish different predictions, but they all agree, that the situation will continue to improve after 2016.

Another factor that could influence the buying power of Czech market is the development of inflation. There are on-going efforts to tackle VAT fraud and new measures are expected to be introduced in 2016. Inflation, as measured by the harmonised index of consumer prices (HICP) rate, was 0.33 % in 2015, slightly lower than in 2014, and is expected to start moving back towards the Czech National Bank's (ČNB) inflation target of 2,2 % only in 2017.

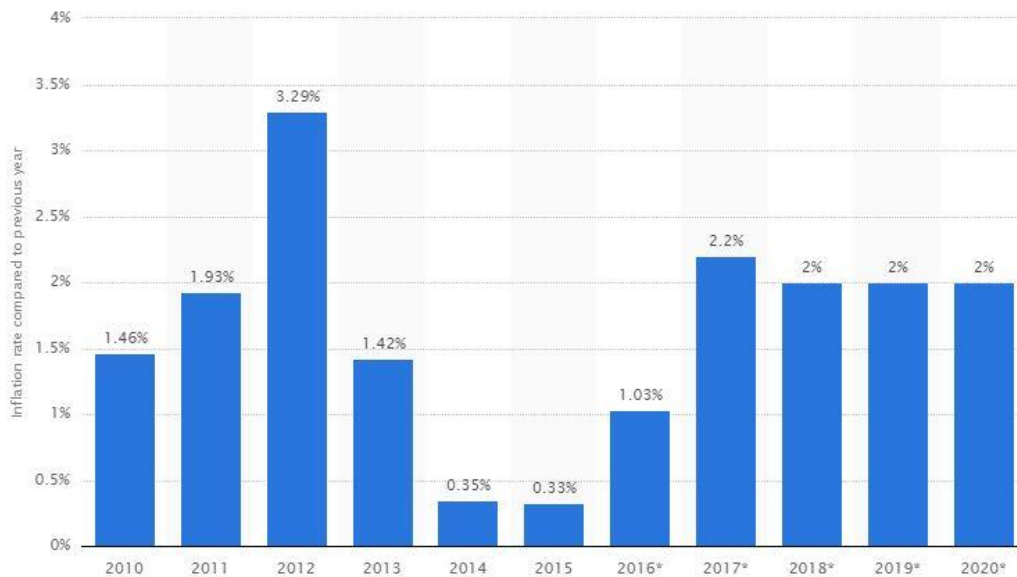


Figure 9: INFLATION IN THE CZECH REPUBLIC (2010 – 2020) (compared to previous year)

(Source: Statista, 2016)

Social factors

Population in whole Europe is constantly growing. By 2060 population of the whole Europe should reach 523 million. This should then generate a larger market every year and bigger opportunities for each and every company. But this fact has a negative side too. Almost 50,1% of all citizens will then be older than 65 years. This reflects the current situation in Europe. Population is getting older. According to the latest European's Aging report the workforce will decline roughly by 19 million to only 202 million by 2060. This fact will cause significant problems in terms of buying power of the population. This, hand in hand with older population will cause significant issues for

economies in European countries, which can negatively affect other factors mentioned below.

Another problem is the fact that life expectancy rises, which creates even bigger requirements for public expenditures. Life expectancy is projected to increase from 75.1 years in 2016 to 83.3 in 2060 for males and from 81.2 to 87.9 for females (European Commission 2016).

This might be a bit of a trouble for the product sustainability, because continuously older population will lead to a weakening of the market for Yonex shoes, because it's main customers are young people who are able to engage in sports.

Technological factor

Implementing new technologies, researching and science progress will lead to improvement of medical devices too. Yonex company is a reseller therefore it does not have to face the research and development processes, but can benefit from other factors. The main selling channel for Yonex company is internet and "off trade" selling.

ČSÚ publishes that computer is used by 80% of total population of Czech Republic and Internet is used by 76%. It is an increase by about 14% in last 5 years. This reflects a huge potential of internet in this market and it also signalize that there is still a place to grow. Improving technology will lead to decreasing the prices for internet connection and will also allow to use internet connection in non-covered parts of the country (Novinky.cz, 2015).

88,4% of all users connected to the internet in the Czech Republic use internet for shopping. It is more than 3,2% increase in comparison to the year before (InternetLiveStats.com, 2016). 80% of people aged 25 to 34 years accesses internet every day (Statista, 2016).

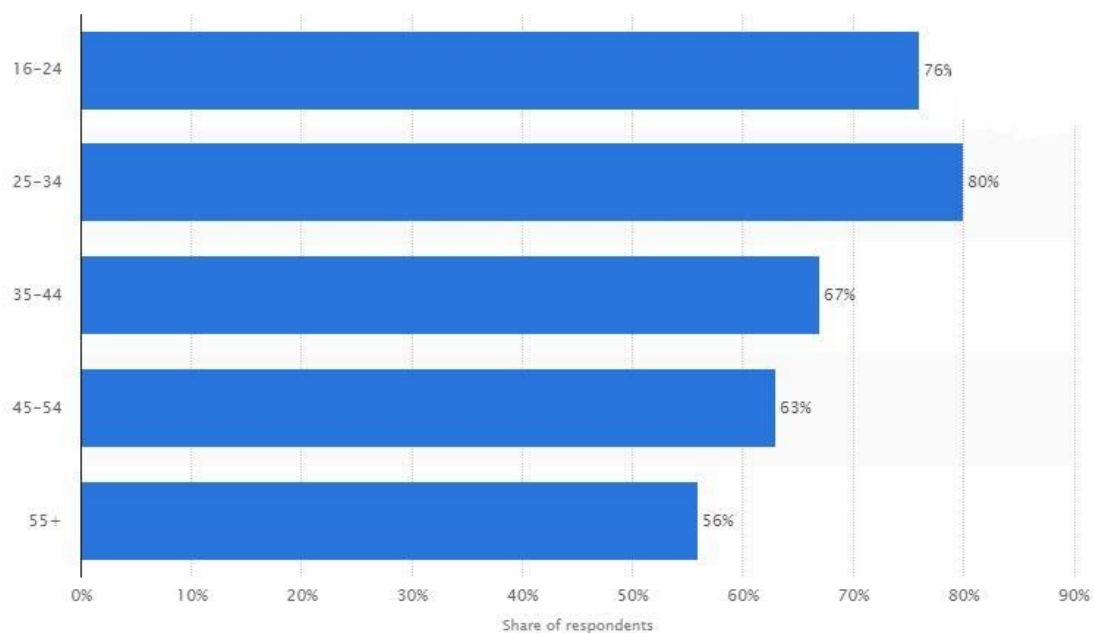


Figure 10: DAILY INTERNET USAGE IN THE CZECH REPUBLIC IN 2015, BY AGE GROUP

(Source: Statista, 2016)

Especially for Yonex Company, internet is a source number one. Promotion in the social media is for the young generation the most visible and therefore used by chosen business plan.

Legislative factors

Due to selling-only type of business Yonex Company, it takes an advantage of no responsibility for legislation issues in terms of sports equipment products. These devices are regulated and examined by European Commission.

All these legislation requirements are hold by manufacturers of these devices. Yonex in the Czech Republic as a distributor cooperates with Yonex Company in Japan, with certified devices. Therefore legislation of sports equipment products is not relevant in this case.

On the other hand, the legislation issue that is relevant is the problem of public expenditures. As mentioned before, the total population in Europe is getting older, which will lead to an increase of public expenditures (pensions, health-care and long-term care).

European countries will have to fill in the gap of these expenditures by finding the resources elsewhere. This could cause higher requirements for taxation and other legislative changes and it could be a negative stimulation for European economy (European Commission 2016).

Environmental factors

YONEX strives to use environmentally friendly manufacturing methods and techniques wherever possible. Through recycling, YONEX is able to use its resources more wisely and has been able to reduce its toxic emission to zero. In an attempt to help combat the wider problems of air and water pollution, the company is also taking steps towards reducing noise and odour pollution caused by its factories. In the year 2014 the company received an ISO14001: 2004 Certification (Yonex Corporate Website, 2016).

ISO 14001 is an international quality environmental system standard established in 1987 by the ISO. (ISO – International Organization for Standardization)

Table 1: PESTLE ANALYSIS OVERVIEW

PESTLE analysis overview	
Political factors	
State system	Parliamentary democracy
Political situation	Stable
Economical factors	
GDP Growth	2,55 %
Inflation rate	0,5 %
Unemployment rate	4,5 %
GDP per capita	17 543,12 USD (4 554, 6 CZK)
Social factors	
Population	10 553 843 (1.1.2016)
Largest cities	Prague – 1 267 449 Brno – 377 028 Ostrava – 324 311
Life expectancy	79,1 years
Median age	41,9 years
Technological factors	
% of all internet users	88,4 %
Number of internet users	9,3 million
VAT	21 %
Corporate tax	19 %
Environmental factors	
Environmentally friendly	YES!

Table 2: PESTLE ANALYSIS – RISKS AND OPPORTUNITIES OVERVIEW

External environment - PESTLE						
Factor	Risks	Evaluation: 1-smallest 10-biggest	Trend	Opportunities	Evaluation n: 1-smallest 10-biggest	Trend
Political	Taxation changes	2	Increasing	Reform of healthcare system	4	Increasing
Economical	Inflation	5	Unpredictable	Government investment into research and science	3	Increasing
Social	aging population (in terms of possible buyers)	4	Increasing	None.	0	Stable
Technological	Bigger possible competition	6	Unpredictable	Better access to the internet (more possible customers)	8	Increasing
Legal	Changes in legislation	4	Stable	Changes in legislation	4	Stable
Environmental	None.	0	Stable	Elimination of environmental pollution, reduction of waste material	8	Increasing

2.3 Competitive environmental analysis

2.3.1 Czech sports manufacturing industry

Production and maintenance of sporting goods represent an important part of the sports industry, which plays an important role in European and national economy (about 3.5% of GDP, over 5% of employment). While textile and garment manufacturing, covering nearly 45% of this sector, 27% represents footwear and leather production and the rest, so called “hardware”, thus specialised products that are necessary for the operation of a particular sport (skis, skates, bicycles, tents, boats, etc.). For footwear production and the manufacture of hardware are needed specialized textile materials (ČTPT, 2009).

Appreciable are also requirements for products for sports and leisure in terms of demographics. Aging population in Europe will cause the focus of the purchasing power of the population with regard to the purchase of sporting goods in 2015, moving by 60% to the group over 45 years. It means that the respective sports equipment including clothing and footwear should be adapted and active population with certain types of disability, especially different degrees of obesity, cardiovascular disease and diabetes. In addition to the specialized needs for peak performance and sport must develop an independent range of products for active and safe use of leisure time (ČTPT, 2009).

The annual turnover of enterprises for the manufacture of sports goods in the Czech Republic from 2008 to 2014 is seen in Figure 6. In 2014 sports goods manufacturing generated total revenue of around 145.8 million euros.

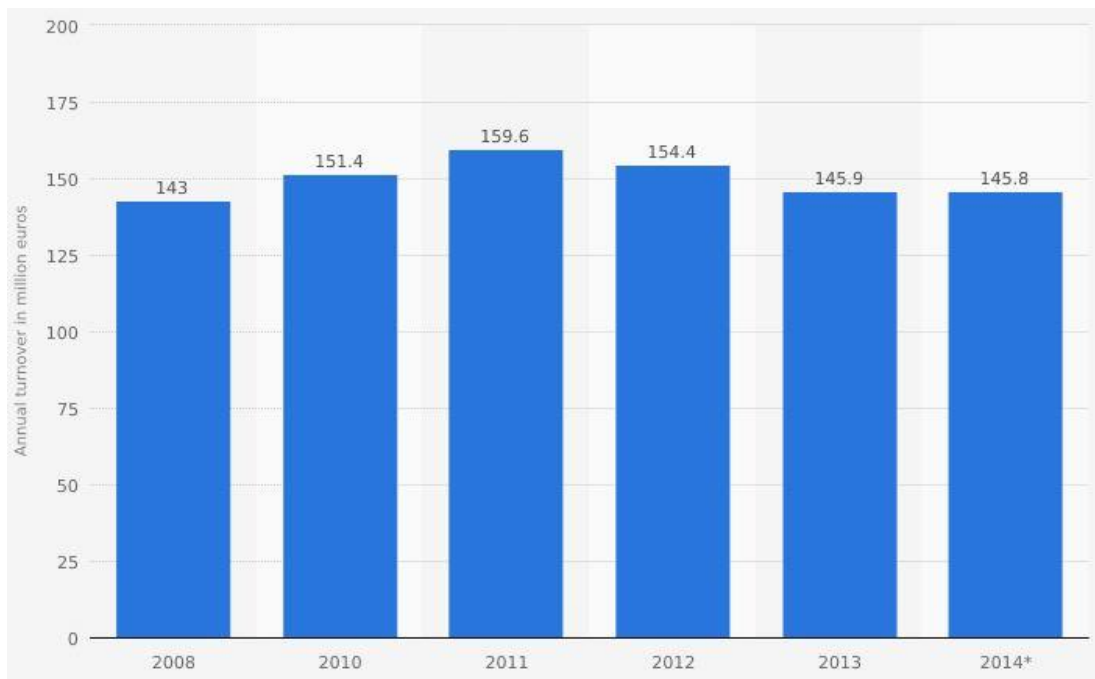


Figure 11: ANNUAL TURNOVER OF SPORT GOODS MANUFACTURING IN THE CZECH REPUBLIC in mil euros (2008-2014)

(Source: Statista, 2016)

The statistic in Figure 7 shows the number of enterprises in the manufacture of sports goods industry in the Czech Republic from 2008 to 2014. In 2014, there were 489 enterprises manufacturing sports goods in the Czech Republic.

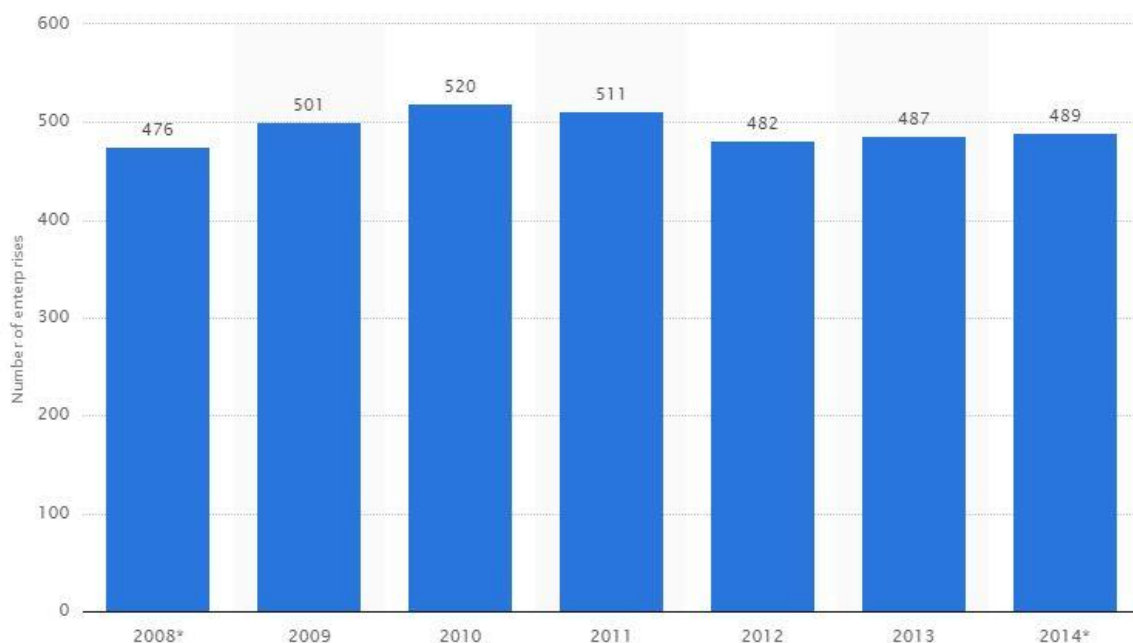


Figure 12: NUMBER OF ENTERPRISES IN THE MANUFACTURE OF SPORTS GOODS IN THE CZECH REPUBLIC (2008 – 2014)

(Source: Statista, 2016)

This statistic shows the annual production value of the manufacture of sports goods in the Czech Republic from 2008 to 2014. In 2014 the production value of sports goods manufacturing reached approximately 145.5 million euros.

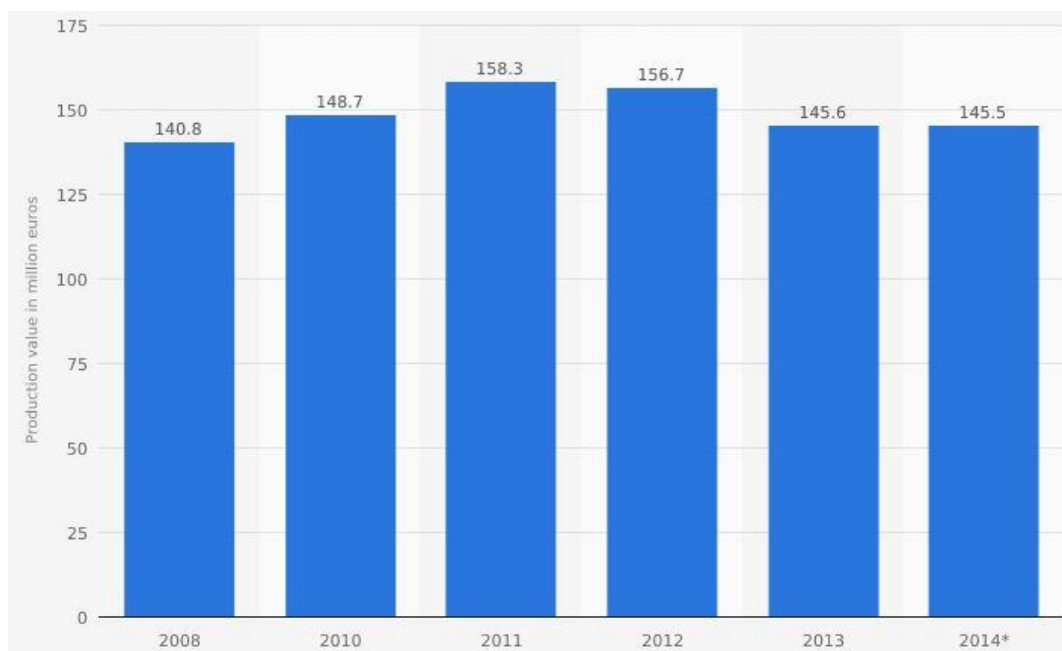


Figure 13: PRODUCTION VALUE OF THE MANUFACTURE OF SPORTS GOODS IN THE CZECH REPUBLIC in mil euros (2008-2014)

(Source: Statista, 2016)

This forecast statistic shows the revenue of sports goods manufacture in the Czech Republic from 2010 to 2013, with forecasts up until 2020. By 2016, revenues of sports goods manufacture in the Czech Republic are projected to reach approximately 202.36 million U.S. dollars.

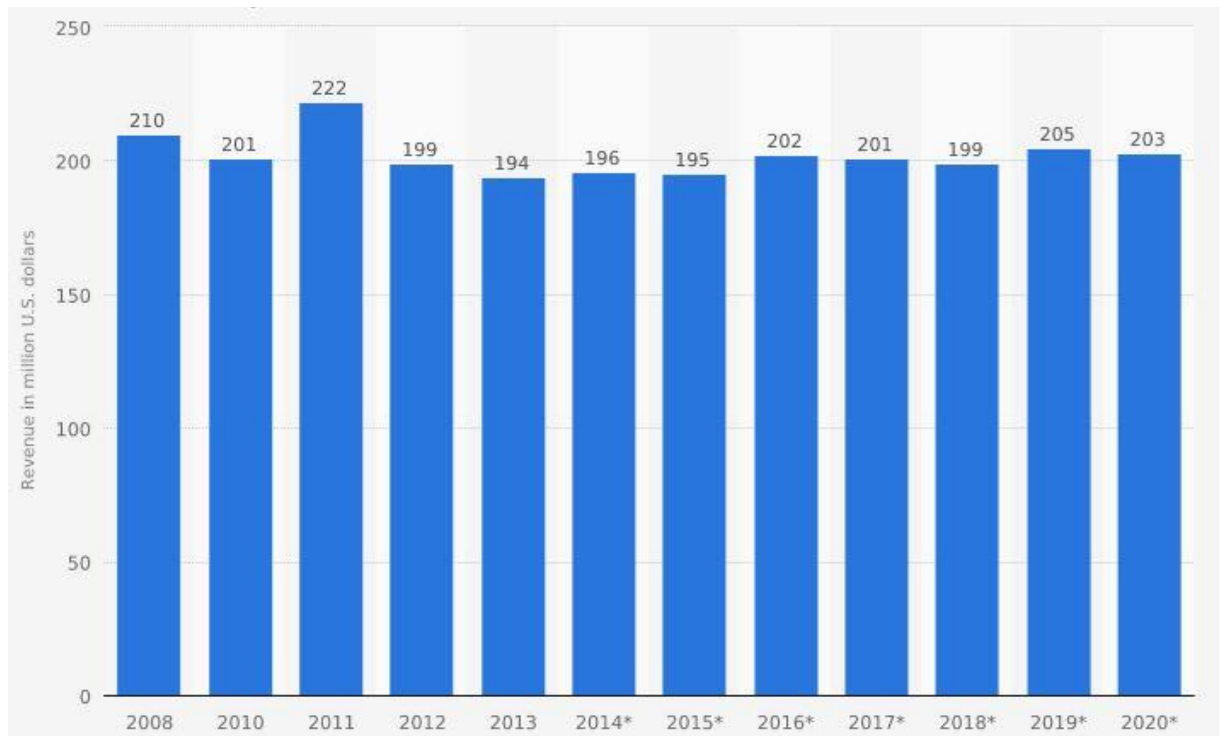


Figure 14: REVENUES OF SPORTS GOODS MANUFACTURE IN THE CZECH REPUBLIC AND ITS FORECAST in mil U.S. dollars (2010-2020)

(Source: Statista, 2016)

2.3.2 Porter's five forces analysis

For better understanding of the company's microeconomic environment, the Porter's five forces analysis would be reflected in this work in order to provide view, which value is created and divided among existing and potential industry participants (Porter, 1998).

- **Bargaining Power of Suppliers**

Suppliers for sports goods manufacturers in general are usually firms distributing material such as rubber, nets, feathers, fabrics, etc. used for manufacturing products of

the company. The largest volume is creating shoes and tennis and badminton rackets. According to the assumption that in specific field such as tennis and badminton, Yonex is well known and respected manufacturer, it distributes high volumes of products. The supplies, as well as the company, are dependent on each other. For mentioned reasons, the bargaining power of suppliers would be classified as **LOW**.

- **Bargaining Power of Buyers**

Buyers have many possibilities when purchasing sports equipment since there are a lot of competitors on the market. To attract the customers it is important to differentiate from the competitors by offering something “new” such as new technology of material for example. Therefore, the bargaining power of buyers is would be evaluated as **VERY HIGH**.

- **Rivalry among Existing Competitors**

The strength of rivalry among existing competitors would be in this case classified as **HIGH** due to many competitors in sports equipment industry. However, if we consider our product as “one of its kind” or one of the only specialized products for a particular sport, it could get to **MODERATE**, when considering the product getting in to awareness of potential buyers. In the Czech Republic there are only a few companies that are assumed to be a competitor for Yonex. If we take into account a specific oriented product which is an indoor shoe for floorball, there is Salming and Asics offering a similar product.

Nike and Adidas are offering indoor shoes as well. Nevertheless these are not specially for this type of sport.

- **Threat of Substitutes**

As it was already mentioned above, there any many substitutes available on the market. Many potential competitors are offering indoor shoes at competitive prices. Consumers could prefer price against quality and they could choose the less expensive product from the competition. Due to this fact, the threat of substitutes would be evaluated as **HIGH**.

- **Threat of New Entrants**

The potential competitors specializing only for the specific field, indoor shoes for floorball, are already mentioned above in the Rivalry among existing competitors, so we cannot consider Yonex to be unique. All other competitors such as Nike, Adidas and others (listed further in the work) are mainly focused on specialization on other sports such as football. The risk of new entrants is in place. Therefore, the threat of new entrants could be evaluated as **MODERATE**. With increasing popularity of chosen sport, floorball, among young people and children, the threat is subsequently increasing as well. Of course, if Yonex will be successful in its idea, other companies will follow the market.

The summary of possible risks and opportunities which result from the Porter five forces analysis is presented in Table 3.

Table 3: PORTER'S FIVE FORCES ANALYSIS – RISKS AND OPPORTUNITIES OVERVIEW

Factor	Risks	Trend	Opportunities	Trend	Power of the factor
Bargaining power of suppliers	Loss of good relationships with suppliers	Stabile	Respected manufacturer with high volumes, discounts from suppliers	Stable	LOW
Bargaining power of buyers	Many other companies where to buy similar products	Increasing	Come up with a new technology	Stable	VERY HIGH
Rivalry among existing competitors	Very high number of competitors in the market	Increasing	Specialized products for particular sport	Stable	MODERTE
Threat of substitutes	High number of consumers still prefer less expensive product	Stabile	High volume of promotions on sports events	Increasing	HIGH
Threat of new entrants	Increasing popularity of floorball equipment	Increasing	Advantage of one of the first companies with specialized product portfolio	Increasing	MODERTE
Industry analysis - Porter's five forces					

2.3.3 Key success factors of the industry

Global sports markets are attractive to organizations that market sports products and those associated with sports through sponsorship or advertising. Among the key success factors are a global brand, exposure on televised sporting events and involvement with high-profile sports events, teams or individuals. Global sports brands also succeed by moving from specialized sports sectors to mainstream consumer leisure markets.

- **Growth**

The global sports market continues to grow, according to a report by consultancy firm PricewaterhouseCoopers that forecasts an increase in global sports revenues at a compound annual growth rate of 3.7% from 121.4 billion U.S. dollars in 2010 to 145.3 billion U.S. dollars in 2015. This provides strong growth opportunities for manufacturers of sports clothing and shoes, and suppliers of related products, such as sports drinks and dietary supplements (PwC, 2011).

Global sports market by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	46,422	49,257	52,907	48,302	49,955	49,692	53,077	54,496	59,823	60,776	4.0%
EMEA	37,744	38,487	40,815	38,208	42,806	40,698	47,298	44,807	51,398	49,491	2.9%
Asia Pacific	17,952	18,595	21,381	20,403	22,735	22,361	23,299	24,277	27,332	27,580	3.9%
Latin America	5,398	5,595	5,657	5,576	5,895	5,939	6,255	6,584	7,916	7,494	4.9%
Total	107,516	111,934	120,760	112,489	121,391	118,690	129,929	130,164	146,469	145,341	3.7%

Figure 15: REVENUES FROM GLOBAL SPORTS MARKET BY REGIONS

(Source: PwC, 2011)

BRIC sports market by country* (US\$ Millions)

Country	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Brazil	2,890	2,919	2,931	2,910	3,231	3,180	3,303	3,483	4,605	4,188	
% Change	10.7	1.0	0.4	(0.7)	11.0	(1.6)	3.9	5.4	32.2	(9.1)	5.3%
Russia	666	762	749	702	697	715	741	778	2,246	871	
% Change	11.4	14.4	(1.7)	(6.3)	(0.7)	2.6	3.6	5.0	188.7	(61.2)	4.6%
India	856	916	1,095	1,185	1,489	1,534	1,530	1,648	1,831	1,899	
% Change	8.5	7.0	19.5	8.2	25.7	3.0	(0.3)	7.7	11.1	3.7	5.0%
China	1,785	1,871	2,764	2,179	2,909	2,500	2,763	2,913	3,439	3,430	
% Change	8.6	4.8	47.7	(21.2)	33.5	(14.1)	10.5	5.4	18.1	(0.3)	3.3%
Total	6,167	6,468	7,539	6,976	8,326	7,929	8,337	8,822	12,121	10,388	
% Change	9.9	4.4	16.6	(7.5)	19.4	(4.8)	5.1	5.8	37.4	(14.3)	4.5%

Figure 16: REVENUES FROM BRIC SPORTS MARKET BY COUNTRY

(Source: PwC, 2011)

Across years and reports which were released, the amount of billions of U.S. dollars has risen.

North American sports industry revenue will grow at a compounded annual rate of 4.8 % to 67.7 billion U.S. dollars by 2017, according to a report by PricewaterhouseCoopers (Bloomberg, 2013).

The sports market in North America was worth 60.5 billion U.S. dollars in 2014. It is expected to reach 73.5 billion U.S. dollars by 2019. The biggest reason for such growth is projected increases in revenue derived from media rights deals, which is predicted to surpass gate revenues as the sports industry's largest segment (Forbes, 2015).

- **Global Brands**

Manufacturers build their marketing communications programs around strong brands with global recognition. According to MBASKool (2016) portal the world's top 10 sportswear brands are as follows:

1. **Nike** (Revenue: \$ 30 601 million, Profit: \$ 785 million)
2. **Adidas** (Revenue: \$ 18 6065 million, Profit: \$ 792 million)
3. **North Face** (Revenue: \$ 12.37 million, Profit: \$ 1.232 million)
4. **Phillips-Van Heusen Corporation (PVH)** (Revenue: \$ 7 605 million, Profit: \$ 572 million)
5. **Dick's Sporting Goods** (Revenue: \$ 7 270 million, Profit: \$ 330 million)
6. **Under Armor** (Revenue: \$ 3 963.313 million, Profit: \$ 233 million)
7. **ASICS** (Revenue: \$ 3 899.314 million, Profit: \$ 93.1567 million)
8. **Puma** (Revenue: \$ 3 725.7 million, Profit: \$ 40.7 million)
9. **Skechers** (Revenue: \$ 3 147 million, Profit: \$ 231.9 million)
10. **Columbia Sportswear** (Revenue: \$ 2 326 million, Profit: \$ 174.337 million)

- **Sponsorship**

Successful companies associate their own brands with leading personalities and teams through sponsorship. The PricewaterhouseCoopers report identified, that global

revenues from sports sponsorships will increase from 35 billion U.S. dollars in 2010 to 45.3 billion U.S. dollars in 2015, a 5.3 % compound annual increase (PwC, 2011). There is strong competition to sponsor teams or official products at major sporting events, such as the Olympic Games or World Cup soccer. Equipment and clothing manufacturers bid to provide the official uniform and kit for national teams, knowing that global television coverage will give their brand massive exposure.

Sponsorship by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	9,026	10,016	11,616	11,411	11,833	12,536	13,447	14,407	15,256	15,927	6.1%
EMEA	9,189	10,243	10,514	10,203	11,727	11,660	14,092	13,409	15,874	15,159	5.3%
Asia Pacific	7,134	7,587	8,922	8,411	9,827	9,404	10,002	10,684	12,332	12,179	4.4%
Latin America	1,400	1,427	1,442	1,442	1,585	1,532	1,632	1,736	2,097	2,016	4.9%
Total	26,749	29,273	32,494	31,467	34,972	35,132	39,173	40,236	45,559	45,281	5.3%

Figure 17: REVENUES FROM GLOBAL SPORTS SPONSORSHIPS BY REGION

(Source: PwC, 2011)

Sponsorship is likely to be of increasing importance to most sports organisations and major events over the coming years. As sponsorship becomes more important both for the sponsor and the sports body, the need for accurate measurement will increase.

- **Television**

Worldwide television coverage is a key to sports marketing success. According to PricewaterhouseCoopers, technology has contributed to the globalization of both the industry and specific sports. German sponsorship consultancy, Sport + Markt, points out that international sport, with its global distribution and television coverage, is an excellent platform for communicating brand identity (eHow, 2010).

- **Media Rights**

Media rights generate one of the largest categories of revenues of the total market. One of the most powerful and consistent forces driving the media rights market is technology, which continues to advance at a dramatic pace. Summer and Winter Olympic Games, men and ladies finals of the Wimbledon Championships, Champions League football, FIFA World Cup, Tour de France, are considered to be the most viewed sports event.

Media rights by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	8,489	8,388	9,449	8,708	9,841	9,344	10,999	10,180	13,466	12,757	5.3%
EMEA	10,044	9,693	11,270	9,620	12,250	10,706	13,549	12,078	15,165	13,482	1.9%
Asia Pacific	3,828	3,785	4,205	4,149	4,877	4,637	5,170	5,228	6,240	6,047	4.4%
Latin America	1,920	1,995	2,081	2,086	2,257	2,258	2,423	2,576	2,930	2,961	5.6%
Total	24,281	23,861	27,005	24,563	29,225	26,945	32,141	30,062	37,801	35,247	3.8%

Figure 18: REVENUES FROM GLOBAL MEDIA RIGHTS BY REGIONS

(Source: PwC, 2011)

Historically, entertainment companies have led the way in social media, using different platforms according to the content offer. So, the video content might be seen on YouTube, while Twitter has been more used by celebrities. Interestingly, multi-platform approaches for sports content have not replaced TV, but are complementary to it rather than substitutional. Many TV companies have invested in interactive portals, enabling them to combine online TV screening with social media, and to provide an online social and information environment surrounding their media rights and strengthening its value.

According to the PricewaterhouseCoopers report (2011), the on-going technology innovation and expansion across multiple platforms will continue to be used to maximise engagement and put the viewer “inside” the sport. In an increasingly digital world, a major challenge for rights holders is trying to retain control over how, where and by whom sports content is consumed, so that this content can be monetised.

- **Merchandising**

Merchandising is the smallest category of revenue in the PricewaterhouseCoopers report forecasts. Retail is a part of the whole sports experience for many fans, and helps generate engagement among people who live in different markets and/or who cannot attend matches (PwC, 2011).

Merchandising by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	14,395	15,255	15,860	12,631	12,571	12,482	12,771	13,275	13,891	14,257	2.5%
EMEA	2,557	2,518	2,494	2,253	2,286	2,233	2,398	2,359	2,577	2,544	2.2%
Asia Pacific	2,023	2,165	2,444	2,285	2,350	2,427	2,387	2,455	2,571	2,762	3.3%
Latin America	455	475	465	417	417	428	446	460	526	504	3.9%
Total	19,430	20,413	21,263	17,586	17,624	17,570	18,002	18,549	19,565	20,067	2.6%

Figure 19: REVENUES FROM GLOBAL SPORTS MERCHANDISING BY REGION

(Source: PwC, 2011)

- **Return**

Although television coverage provides brand exposure, it does not guarantee commercial success for sponsors. According to Sport + Market, companies should not treat sports sponsorship just as a communication tool but should treat it as a platform for generating new sales to business and consumer markets (eHow, 2010).

- **Consumers**

The power of global sports brands makes them equally attractive to sports participants and consumers who wear sports-branded items as leisure wear. A study by market research firm NPD Group reported that “sports brands have become an important social status symbol in developing countries.” (eHow, 2010).

2.4 Marketing mix – 4 P's strategy

- **Product**

Yonex products are sports equipment for badminton, tennis, golf, running, etc. such as tennis and badminton racquets, footwear, clothing, tennis bags, badminton shuttlecocks, golf clubs, strings, balls, tapes and other accessories. The main rule for Yonex is high quality. This is applied for all the products respectively.

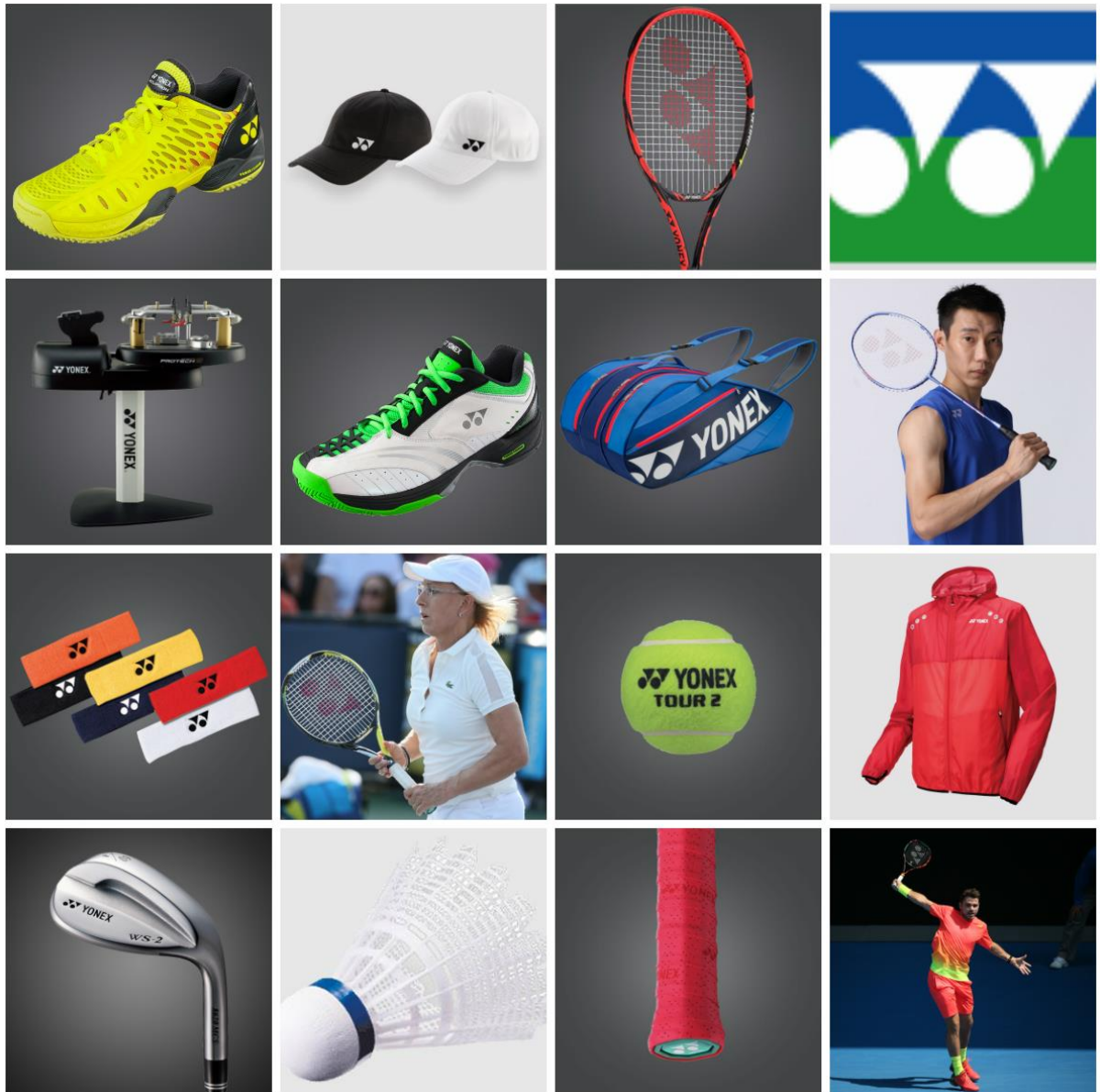


Figure 20: YONEX PRODUCTS AND PLAYERS

(Source: Yonex Corporate Website, 2016, own collage)

- **Price**

Price determines the value of the product for the customer. In comparison with the average sports equipment sold in big retail stores is a bit higher, however fully sufficient and fair. The final product is high quality product made by unique technologies, long lasting and resistant materials and for these reasons the company can sell products at a higher price than its competitors with one season shoes made from low quality material. Yonex determines prices according to competition (Nike, Adidas, etc.). However, Yonex can afford limited discounts for high volume distributors, sponsors and marketing.

- **Place**

This factor of marketing mix is one of the most important aspects for success. The headquarters of Yonex is in Tokyo, Japan. The manufacturing headquarter is then in Niigata, Japan as well as many other sales, branch offices and factories. In North America the Yonex Corporation ground is in California and Calgary, Canada. In Europe it is then Yonex U.K. Ltd. based in London, UK and Yonex GmbH in Germany, in Asia it is Yonex Co., Ltd. Taiwan, Yonex Sports Co., Ltd. Shanghai in China, and Yonex Private Limited in India.



Figure 21: YONEX GROUP ON THE MAP

(Source: Yonex Corporate Website, 2016)

For distributors from Europe, Africa, Asia, Oceania, America and Middle East, see <http://www.yonex.com/company/yonex-distributors/>.

- **Promotion**

Company philosophy motto: “Contribute to the world through innovative technology and the highest quality products.”

The YONEX corporate logo



Figure 22: YONEX CORPORATE LOGO

(Source: Yonex Corporate Website, 2016)

Blue and Green: The YONEX Logo. The blue sky and green grass come together to create the perfect sporting stage; a vast arena where sport can naturally thrive. Universally recognised, our logo symbolises the feeling of freedom enjoyed when immersed in sport. Our logo is a blue and green mark that calls out to all, spreading the message about the wonder of sport, as well as the benefit and satisfaction in taking part regardless of race, language or appearance. The blue and green of YONEX is designed to touch everyone who is involved in sport to show our commitment and acknowledge their passion and love of sport (Yonex Corporate Website, 2016).

Yonex Group promotes products and the brand itself actively through events and sponsorships of players.

In Table 4 below, you can see the overview of marketing mix, its strengths and weaknesses.

Table 4: MARKETING MIX WEAKNESSES AND STRENGTHS OVERVIEW

Marketing Mix						
Factor	Weaknesses	Evaluation: 1-smallest 10-biggest	Trend	Strengths	Evaluation: 1-smallest 10-biggest	Trend
Product	Not as high awareness as competitors	2	Decreasing	High quality products	8	Increasing
Price	Higher price	6	Stable	Possibility to get quantity discount	6	Stable
Place	None.	0	-	Distribution all around the world	7	Increasing
Promotion	No TV spots in Europe	4	Stable	Active in sports events and sponsorships	9	Stable

2.5 SWOT analysis

This SWOT analysis of YONEX CO., LTD provides a strategic analysis of the company's businesses and operations. It shows the strengths, weaknesses, opportunities and threats of the company. This swot analysis can provide a competitive advantage.

Strengths

- Many years of experience in industry
- Skilled workforce
- Existing distribution and sales networks
- High quality products
- Reduced labour costs
- Product portfolio

Weaknesses

- Cost structure
- Future profitability
- High loan rates are possible
- Future debt rating
- Tax structure
- Investment in research and development

Opportunities

- Income level is at a constant increase
- New acquisitions
- Growing demand

Threats

- Growing competition and lower profitability
- External business risks
- Tax changes

- Increase in labour costs
- Increasing costs in general
- Price changes
- Financial capacity
- Cash flow

3 PROPOSALS AND SOLUTIONS

Market research included analyses of macro environment, the particular industry and the company itself was evaluated. The proposed marketing mix will be determined along with other recommendations and suggestions.

Based on findings from previous part of this thesis, it can be suggested that Czech market is quite attractive to enter and therefore exists fair chance that Yonex indoor floorball shoes would succeed there. The recommendations for Yonex regarding their market entry strategy will be to enter the Czech retail market and to build up customer awareness. The objectives and targets would be to launch the product to the market, successfully start to operate in all the stores and websites and build up the customer awareness within first few years from the investment.

3.1 Evaluation of competitiveness

Supported by results of the PESTEL analysis, the Czech market appears to have proper business environment in the sports equipment industry for a new product launch.

The reason why the Czech public might be interested in Yonex indoor floorball is shown by the interest in this sport in general. There is about 70 000 potential customers on Yonex floorball shoes (according to the number of registered number of players in the IFF – (International Floorball Federation) (CF.cz, 2015).

Based on the Yonex SWOT analysis, the author concludes the company to be able to meet Key Success Factors in terms of low production costs, skilled and experienced workforce and high product quality. Thus, it has a potential to succeed on the particular market.

Nevertheless, there are many already existing companies which are selling our chosen product. This is not frightening Yonex at all. Thus, it is crucial to develop some competitive advantage.

The author sees such a competitive edge primarily in the significantly cheaper production, while maintaining a certain level of quality.

The chances of success have primarily companies offering quality and reliable products with good and sophisticated active promotion.

3.1.1 Main aim of the proposal

Location

Yonex is focused on selling its products mainly through websites and its distribution centre in the capital city of the Czech Republic, Prague. Some of the products could be sold in shops with sports equipment and during the sport events. The distribution centre is situated on the north of Prague. It is then the most appropriate place to set the new product, indoor floorball shoes, due to the amount of inhabitants, concentration of floorball players and visitors.

Distribution

Yonex floorball shoes will be distributed by Sport Lubas, an exclusive distributor/importer of Yonex products in the Czech Republic.

- Sport Lubas operates website www.yonex.cz which includes eshop, this activity, along with direct sale to sport clubs represent the B2C part of Sport Lubas`s business
- following third party resellers represent samples of dealer network, this is the B2B part of the sales strategy
 - Hervis
 - Sportisimo
 - AZ Sport Praha
 - Squashpoint
 - Sportovní areály Hamr, Praha – Štěrboholy

There are other Points of Sales (POS) around the Czech Republic as well, all of which are third party entities.

3.2 Marketing mix

Product

In the first phase Yonex should decide how many and what types of assortment will be sold. The recommendation is to first start sell about two types of indoor floorball shoes for each men, women and children. It is clear that for men it would be all right if there would be more types of shows, as the sport is mainly widespread in the men's sector. Nevertheless women play floorball as well but not on the professional level. Among children, floorball in the Czech Republic is very widely spread. This rather narrow selection of products would not confuse customers with large amount of goods. High number of Stock Keeping Units (SKUs) is not desired, at least not from the very beginning. The branded products should always be not more than one season old. If this happens, of course there will be price compensation. What the author sees as an advantage, that indoor shoes are not seasonal, in terms of winter, spring, summer and autumn product cycle. So there is no need to change the selection every three months.

Around the busiest time of the year which is traditionally Christmas, Yonex could also introduce great gifts such as floorball balls, sweat bands, extra laces into the shoes, etc.

The products which are hard to sell should be discounted to the minimum price and put on the clearance.

Price

The prices of the goods are in general hard to determine as the trends change often. In general Yonex is determining their product prices according to the competition. The difference between British, German, Polish and Czech market is in its size. Therefore the prices cannot be matched. The price in Czech Yonex should be around between 1500 CZK for children shoes up until 3700 CZK for professional men's shoes. The prices should vary with the season (before Christmas, after summer, sports season etc.) The prices could be higher for sure, but by widening the portfolio of products and putting different margins on different type of goods should assure the profits.

Czech people as anywhere else are attracted by (promo) sales and discounts, incomes from sold goods need to cover all the operational and other costs, including funding for local pricing adjustments.

Place

In the first phase of the product launch it should be placed in Yonex key dealer network/resellers stores in Prague, Brno, Ostrava, Plzen. These four biggest cities with their agglomeration are inhabited by nearly 3 million of people what is nearly one third of the Czech population and are considered as cultural, educational and business centres. Most of the biggest international companies are based in these cities, and sometimes having affiliated branches in more than one of them. It means that these cities are also populated by mostly employed people and also most of the middle to-upper middle income shoppers live in those cities. Good location of these cities is also important aspect as people from outside the cities can easily get there. In most of these cities there exist big shopping centres and often visited city centres, so there exist wide range of possible stores for a launch of our choose product. These four cities are strategically advantageous as they lie on main trading routes and can be accessed easily. Yonex rents warehouses to store and sort out the goods which are then shipped to resellers.

Promotion

Naturally, the main effort of Yonex should be put in promotional activities. However, the most products are distributed to reseller / generalists with large offer of sports equipment on the sales floor such as HERVIS or SPORTISIMO and then it is on them to make a suitable promotion. Yonex must co-operate with resellers on their promotional activities connected with Yonex products.

As the company operates in the sports equipment industry, it has to adapt its promotional methods to this sector. So, due to the B2B characteristics of the sector and company's product, it has little sence to apply, for instance, TV or radio ads which is quite expensive and address a lot of people who not all are the target group. On the other hand, in the B2C characteristics of the target sector it is necessary to create a good promotion, for example online strategy.

3.3 Communication strategy

The objective of communication strategy is to improve marketing activities in Yonex Company. And, through going life with the strategy, communicate and establish new long-term relationships with resellers of the Yonex products and end customers.

Staffing strategy

The staff on the stores after the product launch would actually stay the same as it was before, as resellers are third party entities. However, they should be “trained” to know about the new product in order to give appropriate advice about the particular product to the potential buyer.

Websites

The recommendation regarding Yonex’s internet activities for the first phase of the market entry would be to create presentational website, landing page, with e-shop and possibility to order online. The website should introduce Yonex to a broad public. Tell them something about the company, how it works, where to find the resellers and how the latest product models look like. The website should also hold information about opening hours of the stores and contacts, where people can submit their requests, complaints and so on. The website’s traffic should be monitored so the company knows how many people uses it and what type of information is sourced. The website could contain some kind of monitored and maintained blog or discussion room, so potential or existing customers can express what they would like to see in stores, what type of product they like and so on. The Internet is the number one tool for searching almost anything. However, some websites are still quite old fashion. Photos of products, description of materials and attractive design of the website with smart features could help to address potential customers when looking at company’s profile.

3.4 Sales strategy

Because industrial relationships between the producer and client are often long-term and involves large orders, the process from first moment to final sale is more complex than the process between a business and a private customer. Therefore more effort should be donated to the whole selling process, where a salesperson has a significant role. The proceeding of selling process is suggested as followed.

Defining the target segment

The process starts by determining the target segment in the Czech market. The wide scope of the sports equipment industry is a great advantage but also a drawback. Hence, it is suggested to focus on a particular segment within the sports equipment industry, which makes the product more unique and differentiated. Moreover, in current situation, it is hard to analyse all potential competitors and substitutes, as there is a large number of them.

Prospecting

In the first step the salesperson determines a list of potential company's clients. There are various sources from which the salesperson can get information. The aim is to identify primary those who fit the company's profile and have interest to buy Yonex products.

It is proposed that the main potential client is a floorball player of every age or gender. Nevertheless, the product is suitable also for all other indoor sports such as volleyball, handball, etc.

Sport fairs

As Yonex does not participate on any events like this, the author sees participation on this event as the fundamental step and further way how to find a potential client. To obtain information, establish contacts and exchange of experiences of other successful sport equipment distributors and shops, it is advised to participate in fairs, exhibits or conferences.

The first which would be suitable for Prague is SPORT EXPO in INCHEBA EXPO, which takes place usually in spring every year (sport-expo.cz, 2016), and another fair in Brno, SPORT LIFE, which takes place in autumn every year (BVV.cz, 2016).

Sports events

Another proposal how to increase visibility for the potentially interested public is to participate on organization of a sports event for example a floorball cup and name it "YONEX CUP 2016" where the winning price would be a pair of top model shoes for

each member of the winning team. In addition it would be good for potential customers, especially parents of small children, which are playing or would like to start to play floorball. They could see the product in action and have a close look at it. This could be supported by flyers at the entrance with an advertisement of new models of the product.

Communicating and selling

The process continues by contacting the identified customers. It involves the salesperson communicating with the potential buyers and trying to understand their current needs. When approaching potential customers in fairs or other exhibitions, this stage may occur imminently. Before contacting the target, it would be wise, that the salesperson knows as much as possible about them. Such knowledge can help in selecting the right service. Through presentations of Yonex's offerings and capabilities the final service tailored to customer's requirements and expectations is agreed.

During this phase, the salesperson should also think about an overall strategy. This is the moment when Yonex should help to focus and tailor the marketing mix on the specific customer. As competitive advantage the lower price is anticipated.

Regarding the fact that the product's price is perceived as part of the product image, the crucial role of salesperson is to find an optimal price that will be convenient for Yonex and simultaneously competitive enough for the Czech ordinary customer.

Reseller model (B2B):

To be able to successfully grow the presence and sales in indirect business, Yonex needs content business partners / resellers. Resellers' main aim is to generate profit out of their business. Key strategy to encourage resellers to sell Yonex products is to offer interesting margin for dealer / reseller – which is at very reasonable 15% in this case. On top of that:

- resellers can be awarded volume bonus 2% of value of every unit purchased (back rabat) at the end of each Q, subjected to achieving purchase targets
- This bonus is financed from "Local pricing funds", funds are generated at level 5% from value of every unit sold (5% of revenue booked into these funds, included in "Project cash budget table")

- Remaining 3% of the funds can be used in local repricing, e.g.: supporting ageing inventory – discounts
- Any remaining resources from each Q “Local pricing funds” can be booked to following Q or to financial result of current Q (desired effect: any leftovers from “Local pricing funds” increase profit of current Q)

Table 5: PRICE DISTRIBUTION OF A CHOSEN PRODUCT

	Costs [CZK]	Yonex - HQ [CZK]	Distributor - Lubas [CZK]	Reseller [CZK]	END USER PRICE incl. VAT [CZK]
Price	267	800	1 437	1 653	2 000
Margin [CZK]		533	637	216	
Margin [%]		200%	80%	15%	

3.5 Cost of proposals

Table 6, below shows a simplified view on the estimated project cash budget, which will be initially needed for the new product launch.

Table 6: CASH BUDGET FOR THE FIRST YEAR OF THE PRODUCT LAUNCH

Project budget in CZK					
Costs:	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Salaries	90 000 CZK	135 000 CZK	135 000 CZK	135 000 CZK	135 000 CZK
Purchase of stock (inventory)	309 600 CZK	309 600 CZK	1 920 800 CZK	848 000 CZK	325 080 CZK
Marketing and promotion	40 000 CZK	40 000 CZK	40 000 CZK	80 000 CZK	100 000 CZK
Local pricing funds		27 540 CZK	27 540 CZK	195 520 CZK	75 100 CZK
Logistics		12 384 CZK	12 384 CZK	76 832 CZK	33 920 CZK
TOTAL COSTS	439 600 CZK	524 524 CZK	2 135 724 CZK	1 335 352 CZK	669 100 CZK
Revenues:	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Direct sales		51 000 CZK	51 000 CZK	3 111 000 CZK	102 000 CZK
Indirect sales		499 800 CZK	499 800 CZK	799 400 CZK	1 400 000 CZK
TOTAL REVENUES:		550 800 CZK	550 800 CZK	3 910 400 CZK	1 502 000 CZK
Gross profit:	- 309 600 CZK	241 200 CZK	241 200 CZK	1 989 600 CZK	654 000 CZK
NET PROFIT	- 439 600 CZK	26 276 CZK	26 276 CZK	1 502 248 CZK	309 980 CZK
2017 NET PROFIT/LOSS					1 425 180 CZK
potential funds leftovers		27 540 CZK	27 540 CZK	195 520 CZK	75 100 CZK
NET PROFIT incl. fund leftovers	- 439 600 CZK	53 816 CZK	53 816 CZK	1 697 768 CZK	385 080 CZK
2017 NET PROFIT/LOSS incl. leftovers					1 750 880 CZK

3.6 Timeframe of entry

The market entry timeframe depends on many factors and it is not easy to estimate exact lead time. In general the main seasons for purchasing floorball pair of shoes would be before Christmas as it is the basic “shopping fever time”. Other proposed times for launching the product would be at the beginning or end of summer, right before going back to school. This would be because children are usually starting looking for after school activities and floorball is a good opportunity for many of them.

3.7 Justifying the business model

On the pages above, Yonex’s strategy regarding the product launch was described together with some recommendations based on theoretical but also practical background. The main justification for these assumptions though, comes from careful examination of the situation against competition, weighting and assessing where the focus should be in order to gain as big advantage as possible. Careful evaluation of the situation will then justify this business model.

The following table concludes the overview of the business model:

Table 7: OVERVIEW OF PROPOSED BUSINESS MODEL

BASIC FACTOR	DIVERSIFICATION	RANKING
Product	Premium shoe	1
	Average shoe	2
Customer	Professional floorball player	2
	Average floorball player	1
	Other sport user	3
Promotion	On trade marketing	3
	Off trade marketing	2
	Website	1
	Sponsorship	4
Business investment	Sport lubas - already made business	-
Profit	Q1 - Ordinary quartal	4
	Q2 - Preparations for peak season	3
	Q3 - Back to school season	1
	Q4 - Christmas season	2

CONCLUSION

The main purpose of this master's thesis was to develop an efficient marketing strategy for a new product launch for Yonex Company onto the Czech market. After conducting a literature research, theoretical background was shown in Chapter 1. Following chapter, Chapter 2 includes the current situation analysis, which includes the company profile, analysis of external and internal business environment, PESTLE analysis and Porter's five forces analysis and SWOT analysis. All the three main analysis are summarized in tables for a better orientation and understanding for the reader. In Chapter 3, the author proposed an estimated marketing strategy as well as a cash budget for the first year of the product launch. According to the given evaluation and estimation the company could make profit after 2 quarters of the year of the presence on the market. Although it might have some difficulties at the beginning of the year, as it has not generated a sufficient customer base yet. This could be caused by an unknown, new brand for the Czech public. However, Chapter 3 also includes few recommendations in which the author propose how to tackle the difficulties. Yonex is generally known as a strong player and professional among the public. This statement can be supported by the fact, that the strengths match the key success factors.

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