The Best Practice of Marketing Management in Polish and International Enterprises

The Marriage of Science and Business – Case Studies

pod redakcją
Kamili Szymańskiej

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Najlepsze praktyki zarządzania marketingowego w polskich i międzynarodowych przedsiębiorstwach

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AKADEMIA ZARZĄDZANIA I FINANSÓW

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Introduction

In the literature and in business practice, the essence of "best practice" has been discussed for many years. The definitions of this phenomenon are not homogeneous, but most of them indicate that business activities which can be called "best practice" must be characterized by a high level of ethics, integrity, management quality and innovation. They should serve as a certain model, an inspiration for other organizations, which means that organizations applying "best practices" can become an object of benchmarking. However, it is important to be aware that there are no ideal, universal solutions for every industry that can be described as "best practices" – they should be adapted to each particular organization. Similarly, there are no perfect organizations in their entirety – therefore it is important to consider in which area a company can positively distinguish itself from others to the extent that it can be recognized as the one that demonstrates best business practices.

Therefore, the aim of this study is to present the essence of best practices in the related literature as well as to identify and analyze best practices applied by Polish and international organizations. These practices relate to various problems faced by contemporary organizations, but those selected for this handbook always concern selected aspects of marketing.

This handbook is a continuation of the textbook edited by PhD Grażyna Golik-Górecka under the title *Mariaż nauki z praktyką. Najlepsze praktyki zarządzania marketingowego w polskich i międzynarodowych przedsiębiorstwach. Studia przypadków*. It was published in 2020 by the Publishing House of the University of Łódź in Łódź as part of the "Academy of Management and Finance" series.

The handbook consists of three parts, differentiated by the authors of the studies included. The first part consists of studies by the staff of the Department of Marketing of the Faculty of Management of the University of Łódź, the second one – studies by business practitioners, and the third one – studies by students participating in "Marketing Management in Practice" course at the Faculty of Management of the University of Łódź within the ERASMUS program.

The first part opens with a study by PhD G. Golik-Górecka on the essence, analysis and evaluation of best business practices. Next, prof. W. Grzegorczyk discussed the analysis of the functioning of Hurtownia Nochem Sp. z o.o. and its market-economic results. MS E. Gwiaździński and MS A.-A. Wadlewski analyzed the design of loyalty programs in the era of digital solutions on the example of Costa Coffee. PhD W. Krawiec presents forms and methods of foreign expansion on the example of a Polish furniture manufacturer. MS A. Olejniczak analyzes viral marketing in relation to the Coca-Cola brand. PhD A. Sibińska focused on designing business models, referring to a start-up implementing VR in education on the Czech market. This part closes with the study by PhD K. Szymańska, which deals with the management of multiple brands on the market of cultural services on the example of the Łódzki Dom Kultury.

The second part includes articles proposed by business practitioners. J. Dąbrowski analyzed the use of digital marketing communication tools in the financial sector in the face of new problems caused by the COVID-19 pandemic. W. Fabicka analyzed IKEA's multi-faceted activities in the field of corporate social responsibility (CSR) and its impact on the perception of the company by its stakeholders. M. Michałus focused her study on networking and building relationships in business in relation to the example of the Business Partner Club. On the other hand, O. Skonieczka has presented various forms of discounts and rebates and the benefits of their use in business practice.

The third part of this handbook includes studies by students who are interested in the use of best practices in business. M.S. Mabena and G.T. Diaz Riaño addressed the issue of brand image management in relation to Starbucks.

This handbook may be intended for students and lecturers of economic faculties, but also all persons interested in the application of best practices in business. The handbook may also be useful when teaching students in English, especially within the ERASMUS program.

As the editor of this handbook, I would like to express my special thanks to PhD Grażyna Golik-Górecka for her involvement in creating the concept of the study, the organizational work done and the collection of valuable studies from individual authors. I would also like to thank prof. Wojciech Grzegorczyk for his help in the preparation of the final version of the handbook and support in the process of its submission to the Publishing House and extremely valuable advice.

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The Concept and Essence, Analysis and Standards of Good and Best Practices[1]

Pojęcie i istota, analizy i standardy dobrych i najlepszych praktyk

Streszczenie. W niniejszym opracowaniu ujęto rozważania teoretyczne dotyczące istoty, koncepcji, definicji oraz analizy i pomiaru najlepszych praktyk w marketingu. Mogą one stanowić podstawy do określenia wyboru zarówno dobrych, jak i najlepszych praktyk w przestrzeni biznesowej. Ponadto zaprezentowano problematykę najlepszych praktyk oraz standardów typu „dobre praktyki" – zgodnie z kanonem i opracowaniem Giełdy Papierów Wartościowych w Warszawie.

Słowa kluczowe: dobre praktyki, najlepsze praktyki, standardy najlepszych praktyk, analiza najlepszych praktyk.

1. Introduction

One may wonder if there is an integration of science with business, or is the acceleration in science itself an interdisciplinary approach? Does science determine business development or vice versa? The science dealing with the generalization

* PhD, The University of Łódź, Faculty of Management.

1 The chapter is an abridged version of a chapter from the monograph: G. Golik-Górecka (ed.), *Mariaż nauki z praktyką. Najlepsze praktyki zarządzania marketingowego w polskich i międzynarodowych przedsiębiorstwach. Studia przypadków*, Akademia Zarządzania i Finansów, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2020, pp. 13–26.

of conclusions resulting from research practices is becoming a source of valuable knowledge. Hence, marketing is undoubtedly a science. Practical business solutions and technologies that also lead to the acquisition of new knowledge in the area of marketing and its rapid development and to the development of science, which is also confirmed by analytical marketing and the new marketing indicators used. In fact, these two spheres, science and business are actually overlapping. They coexist in parallel and technologies determine the development of marketing, various new types of relationships and interactions.

The Polish Scientific Society of Marketing presented the Code of the Scientific Environment of Marketing, in which they define marketing as science:

> Marketing is an important area of social sciences. It has a wide, interdisciplinary subject of research on social exchange processes, including: consumer behavior and market activity of enterprises and other organizations. They have developed paradigms and concepts for describing the processes and phenomena of market orientation and the motivation of exchange participants. They use the latest methods of conducting research, specifying general methods of conduct formulated in the theory of economics and management sciences, have well-established achievements, integrating knowledge from various disciplines and fields of science.[2]

2. Concept, definitions and standards of best practice

The conducted literature review indicates the diversity of definitions of the concepts of good and best practices.

2.1. Good practice concepts

The concepts of good practice should be cited as good practice is a process or methodology that is ethical, honest and replicable, has been shown to work well, achieves the goal and therefore can be recommended as a model for practice. The essence of recognizing and sharing good practices is learning from others and encouraging the application of knowledge and experience to new situations.

It should be cited after M. Bednarek that good practices define activities that bring specific and positive results and contain a certain potential for innovation. They

2 The code of the scientific marketing community was adopted by a resolution of the Board of the Polish Scientific Marketing Society on 21 December 2019, http://pntm.pl/kodeks/ (accessed: 8.01.2020).

are durable and repeatable and can be used in similar conditions elsewhere or by other entities.[3] Currently, each country introduces sets of good practices in various areas of social, political and economic life. They are collected by corporations and international organizations, but also public administration institutions, insurance and financial companies, banks and non-governmental organizations. The definitions of good practice differ from country to country. They depend on the applicable law, economic situation, cultural norms and experiences.[4]

A good practice is an action that brings concrete, positive results, contains a certain potential for innovation, is durable and repeatable, can be used in similar conditions elsewhere or by other entities.[5]

We can find the following criteria for selecting good practices:[6]

- **effectiveness** – achievement of assumptions, implementation of plans, implementation of the organization's mission, linking plans and goals, contributing to further development, recognizing the environment through research, talking to project recipients and gathering information about the real needs of people;
- **planning** – analysis of the situation and conditions, development of an action strategy and preparation of an operational action plan;
- **innovation** – novelty level of the proposed practice;
- **efficiency** – qualitative and quantitative analysis and analysis of the use of material resources, i.e. finance, technology and infrastructure, and non-material resources, mainly human and social capital;
- **reflectivity** – existence of evaluation tools and their use, assessment of the objectivity of tools, use of evaluation results to improve activities;
- **universality** – adapting already completed projects to new or similar conditions and contexts or using only as a source of inspiration;
- **ethicality** – compliance of the proposed action with the law, compliance with moral standards adopted in a given society, industry or area of operation, good image of the organization;
- **entrepreneurship** – usefulness for the implementation of the mission, having "business acumen", financial independence, operating in a niche market, economic rationality, recognizing the group of beneficiaries and customers;

3 M. Bednarek, *Doskonalenie systemów zarządzania: nowa droga do przedsiębiorstwa lean*, Difin, Warszawa 2007.

4 J. Osiadacz, *Innowacje w sektorze usług – przewodnik po systematyce oraz przykłady dobrych praktyk*, Polska Agencja Rozwoju Przedsiębiorczości, Warszawa 2012.

5 J. Nowakowska, *Czym jest dobra praktyka? Zasady i kryteria identyfikacji – Leaderatorium*, http://cdr112.e-kei.pl/leader/index.php/200-czym-jest-dobra-praktyka-zasady-i-kryteria-identyfikacji (accessed: 6.11.2019).

6 A. Karwińska, D. Wiktor, *Przedsiębiorczość i korzyści społeczne: identyfikacja dobrych praktyk*, "Ekonomia Społeczna Teksty" 2008, no. 6.

- **realizing social benefits** – creating jobs, the level of impact of the project on the independence of the beneficiaries, adequacy of the practice in relation to the needs, provision of good quality services.

It is also worth citing a description of good practices, which should contain information about:[7]

- organization implementing the project – data on the number of members, skills, short information about activity and other information relevant to the potential recipient;
- the context of the project – brief description of the town, key problems, goals implemented in the project, its originator, the method of creating the project plan and other substantive information;
- the main activity of the project – project activities that led to the achievement of the goal and expected results;
- specific products and results – specific effects expressed in measurement units;
- added value of the project – additional value to the value generated;
- encountered problems and lessons learned;
- project duration – practical information allowing to determine the working time;
- budget – financial resources, sources of financing;
- justification – why the project is an example of good practice.

2.2. Best practice definitions

Best practice is what can be achieved by applying good practice at the highest possible level: this is the end goal of the project. A best practice is a set of guidelines, ethical principles, or ideas that represent the most effective or prudent course of action in a given business situation. Best practices can be established by authorities such as regulators or management bodies, or they can be established internally by the company's management team. Best practices can provide a benchmark where one company can set a benchmark for other companies.

According to D.P. Doyle the best practice is "a procedure demonstrated by research and experience to obtain optimal results that has been established or proposed as a standard suitable for general acceptance".[8] An accessible definition of the essence of good practice is one that best practice is a method or technique that is generally considered better than any alternatives because it produces better

7 H. Szczeblewska, *Formularz zgłoszenia Dobrych Praktyk*, [in:] *Złota księga dobrych praktyk*, 2016, s. l.

8 D.P. Doyle, *The Role of Private Sector Management in Public Education*, "Phi Delta Kappan" 1994, vol. 76, no. 2.

results than other methods or because it has become a standard way of doing things, e.g. how they comply with legal or ethical requirements.[9]

According to M. Rouse, the best practice is a technique or methodology that has proven through experience and research that it reliably leads to the desired result. A commitment to use best practice in any field is a commitment to use all the knowledge and technology currently at your disposal to ensure success.[10] The best practice tends to spread in a given field or industry after it is found to be successful. It is also noted that the best practices shown may slowly spread, not only outside but even within the organization, within its individual structures. According to the American Productivity & Quality Center, the three main barriers to the application of best practice are the lack of knowledge of current best practices, the lack of motivation to make changes in their implementation, and the lack of knowledge and skills required skills.[11]

While researching this topic, you can come across the statement that some consulting companies specialize in the field of best practices and offer ready-made templates to standardize the documentation of business processes. Sometimes the best practice is not applicable or not appropriate to the needs of a particular organization. The study focuses on the industry approach. Almost every industry and professional discipline has developed the best practices. The areas of these practices that are notable include information technology development (such as new software), digital best practice, construction, transportation, business management, sustainable development, and various aspects of project management. In software development, best practice is a well-defined method that contributes to a successful product development stage. Best practices also exist in health care to ensure quality care. Best practices are applied in business areas, including in sales, production, science, computer programming, housing and road construction, health care, insurance, telecommunications and public policy.[12]

A best practice is a set of guidelines, ethics or ideas that represent the most effective or prudent course of action in a given business situation. Best practices are often determined by a body such as a management body or management, depending on the circumstances. While best practices usually dictate a recommended course of action, some situations call for adherence to industry best practice.[13]

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9 That Company, *What are Best Practices and Why are They Important?*, https://www.thatcompany.com/what-are-best-practices-and-why-are-they-important (accessed: 12.09.2019).

10 M. Rouse, *Best Practice*, WhatIs.com, February 2007, 7, https://searchsoftwarequality.techtarget.com/definition/best-practice (accessed: 10.11.2019).

11 *Ibidem*.

12 *Ibidem*.

13 W. Kenton, *Best Practices*, Investopedia, https://www.investopedia.com/terms/b/best_practices.asp (accessed: 10.09.2019).

Best practices serve as a general framework for dealing with different situations.[14]

Best practices are important for processes that need to function properly. They are simply the best way to carry out an action and have been developed by trial and error and are considered to be the most sensible course of action. Best practices may evolve as new and better solutions appear, or as awareness changes and new technologies develop.

R. Kanigel states that the concept of good practices is already derived from Taylor's idea because he used the term "the one best way".[15] Since there are the concepts of good and best practice, the best practice concept should actually be explained here. The conducted literature review presents a diverse range of defining both good and best practices. The author also notes that the definition emphasizes the identification of such practices that may lead to the desired innovations. Good practice therefore defines an action that has brought concrete, positive results, contains an element of innovation, is durable and repeatable, and can be used in similar conditions elsewhere or by other entities. In practice, model quality models are considered to be best practices, e.g. the European Foundation of Quality Management – Quality Model (EFQM).[16]

2.3. Concepts of analysis and measurement of best marketing practices

Concepts and defining the measurement of the best practices are very important for many companies and good practices from the point of view of their marketing activities. The literature proposes to measure best marketing practices using related measures with the general economic condition and market position of the enterprise. These are the following criteria (including measures in parentheses):[17]

- Market position – level and dynamics of market share, level and dynamics of sales within 3–5 years;
- Economic condition – level and dynamics of net profit in 3–5 years, level and dynamics of sales profitability in 3–5 years;

14 *Ibidem*.

15 R. Kanigel, *The one best way: Frederick Winslow Taylor and the Enigma of Efficiency*, Penguin Books, New York 1997, [after:] R. Brajer-Marczak, *Dobre praktyki w doskonaleniu procesów biznesowych*, http://yadda.icm.edu.pl/baztech/element/bwmeta1.element.baztech-2ecbc83d-5711-4d06-ba68-fe8a01bf8db6, p. 16 (accessed: 8.10.2019).

16 *Ibidem*, p. 17.

17 K. Rupik, *Najlepsze praktyki zarządzania w sektorze odzieżowym w kontekście współczesnych wymogów zarządzania*, [in:] T. Żabińska, L. Żabiński (eds), *Zarządzanie marketingowe. Koncepcje marketingu a praktyki zarządzania. Aspekty teoretyczne i badawcze*, Akademia Ekonomiczna w Katowicach, Katowice 2007, p. 160.

- Goodwill – market value of the company understood as the number of shares in circulation multiplied by their price within 3–5 years.

The use of measures relating to both direct marketing activities and the general condition of the enterprise is confirmed, inter alia, by examples of best practices in brand management.[18] A complementary set of measures compared to the above ones is proposed to evaluate the effects of introducing new solutions and most often use the following measures:

- market share/market share in a given segment;
- weighted distribution ratios;
- brand awareness;
- brand image;
- the rate of return on capital employed (ROI) in relation to investments in marketing communications.

The measurement of marketing effects should focus on three main categories: strategy, marketing, and marketing links with basic operating activities. The components of measuring the results of the company's activity were also indicated, i.e. resources, processes, products or services and finances.[19]

The aim of a good practice is usually to achieve the required standard, high, decent, sometimes only minimal, or to guarantee the achievement of certain results, e.g. qualitative. It is a kind of entry ticket to the game in a specific business. In addition, good practice is the concept of achieving a minimum satisfactory standard in a construction project, which will have the following advantages: acceptable aesthetics, solid construction resulting from the use of appropriate materials and safety.[20] The improvement of the current best practice may become the work of the competition that will adopt the model assumptions and solutions of the current best practice, but by modifying them, it will create a solution that surpasses the original. It is systematic benchmarking with an integrated continuous improvement process that is the best source and tool for searching for best practices.

According to A. Sierszeń, the best practices are "a set of recommendations (best practices) which, based on the experience of other people, companies, indicate the most appropriate way of proceeding, achieving a specific goal".[21] The time it takes to achieve your goal using best practices is much shorter than it would take to

18 H. Meffert, Ch. Burmann, M. Koers (eds), *Markenmanagement. Mit Best Practice – Fallstudien*, Gabler, Wiesbaden 2002, pp. 475–670.

19 D. Woodburn, *Engaging Marketing in Performance Measurement*, "Measuring Business Excellence" 2004, vol. 8, no. 4.

20 K. Rutkowski, *Zrozumieć fenomen najlepszych praktyk w logistyce i zarządzaniu łańcuchem dostaw*, "Gospodarka Materiałowa i Logistyka" 2006, no. 12, pp. 2–4.

21 A. Sierszeń, *Standardy typu "best practice"*, https://docplayer.pl/1654543-Standardy-typu-best-practice-artur-sierszen-asiersz-kis-p-lodz-pl-http-bzyczek-kis-p-lodz-pl.html (accessed: 28.09.2019).

develop your own techniques. The process of formulating and implementing best practices is a multi-stage process:

- golden thought – not yet supported by data, but intuitively seems good, requires further analysis;
- good practice – has already been implemented and proven to be correct, supported by data collected in one use case;
- local best practice – identified as the best approach for certain departments of the organization, based on data from process performance analysis;
- industrial best practice – this is the best approach for the entire organization, based on benchmarking data inside and outside the organization.[22]

A team of researchers from Harvard Business School, Cambridge University, McKinsey & Company and Stanford University developed an interview-based assessment tool that defined 18 core practices of managers and assigned them a score of 1–5 – best practice. The research covered 10 thousand medium-sized companies (employing 100–10 thousand employees) from 20 countries identifying best practices. The management data was compared with the available financial statements, and this allowed for a better identification of the management practices that led to success. On the other hand, certain three key elements of good management are: rigorous monitoring, ambitious short- and long-term goals at each stage of the processes implemented in them, as well as rewarding and motivating the best employees.[23]

A. Zawistowski covers problems, including those related to benchmarking and innovation, as well as constructing measures of effectiveness of activities.[24] He states that the best practices are not the same with innovation. For best practice is an effective standard, and in turn, innovation determines the company's competitive advantage in the market. Innovation usually means uniqueness and aims to encourage customers and partners to cooperate. However, it does not occur without the best practices that are the foundation of every business.

As the author further states, the unit for measuring effectiveness is KPI (Key Performance Indicator), which measures the effectiveness of actions taken, and not the degree of plan implementation. That it is therefore important to be aware of the need to measure not only the final results, but also the factors that influence them, the so-called drivers, e.g. not only the level of customer satisfaction is measured, but most of all, what factors affect it. And when ending the measurement, the company is only at the beginning of the process of implementing best practices, because as in the case of benchmarking, the result should be related to the level

22 *Ibidem*.

23 R. Sadun, *Mała czarna zarządzania: niezbędne praktyki liderów*, https://www.hbrp.pl/b/mala-czarna-zarzadzania-niezbedne-praktyki-liderow/ICYJaYxW (accessed: 12.10.2019).

24 A. Zawistowski, *Dobre praktyki a innowacyjność*, https://www.log24.pl/artykuly/dobre-praktyki-a-innowacyjnosc (accessed: 16.10.2019).

we want to achieve by launching corrective actions in places where we found weak points in the process.[25] It can be a process of the company's growth or development strategy. You should analyze how the process is carried out – especially for the leader that is at a competitor. Then learn about the metrics that competitors use to measure process efficiency and the performance of the best. Hence, the processes are divided into standard ones – those that we want to carry out in an optimal and effective way compared to the leaders, and the key ones that create the company's competitive advantage.

After implementing best practice in standard processes, we regularly measure its effectiveness and from time to time verify whether it is the best. However, the priority for the company most often becomes to achieve a leadership position in the second, key processes by taking the next step in the best practices, i.e. extending the process beyond the standard, which means creating a new best practice, access to which the company should protect as long as possible.[26]

3. Conclusion

This chapter, using a review of the literature on the subject, supplements the knowledge in selected areas of marketing – especially in the area explaining the concept, definitions and analysis and measurement of best practices. The creation of standards considered by the Warsaw Stock Exchange is also presented. These considerations can provide context and support for the development and analysis of case studies of companies implementing the idea of best practices. In addition, they allow specifically to analyze in a more comprehensive way the problems of synergy and analytical marketing, as well as the implementation of best practices in companies.

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25 *Ibidem*.
26 *Ibidem*.

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Analysis of Marketing Activities of a Trading Company – Nochem Sp. z o.o.
Analiza działań marketingowych firmy handlowej – Nochem Sp. z o.o.

Streszczenie. Celem opracowania jest prezentacja profilu hurtowni produktów chemicznych i kosmetycznych „Hurtownia Nochem Sp. z o.o.". Zaprezentowano zakres działania hurtowni, jej najważniejsze aktualne problemy, podejmowane działania marketingowe, a także wyniki sprzedażowe i finansowe osiągane przez hurtownię, które stanowią konsekwencję podejmowanych decyzji w zakresie zarządzania firmą w trzyletniej perspektywie czasowej. Analiza studium przypadku może motywować do poszukiwania odpowiedzi na pytania o możliwe kierunki rozwoju tej organizacji.

Słowa kluczowe: pozycja konkurencyjna, hurtownia, obroty, dochody, zatrudnienie, nakłady.

1. Introduction

Each enterprise before making marketing decisions (e.g. concerning its offer or its change, the choice of the place of sale or promotion tools) should analyse the collected information on the effects of its previous activities. It is connected with the application of marketing controlling and refers to the collected data on its environment (e.g. competitors, buyers, market situation) and, among others, on the sale of its products and its costs, inventory management, financial results

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and expenditures on promotional activities.[1] The development and analysis of the collected data will enable the evaluation of the implemented marketing strategy and preparation of possible changes in its content and marketing expenditures.[2]

2. Analysis of the activity of a wholesaler

Trading company – "Hurtownia Nochem Sp. z o.o." deals with wholesale of chemical and cosmetic products. It is based in the south of the country, in Opole – a medium-sized city (approx. 130,000 inhabitants). It employs twelve people, seven of whom are sales representatives, two are warehouse workers, two are responsible for accounting in the warehouse and one person is a warehouse manager. Each of the sales representatives is to win orders from customers in the warehouse area. It is equipped with a car, a computer and communicates daily with its recipients. The warehouse has been operating for eighteen years and is located close to the city center. Next to it, there are large car parks with good access to other residential districts. The total area occupied by the company is 700 square meters, and the retail space covers over 600 square meters.

The range of products sold includes cosmetics and household chemicals and is divided into the following groups:

1. washing detergents, softeners;
2. washing and cleaning agents;
3. shampoos, soaps, bubble baths, fragrances etc.;
4. men's cosmetics;
5. women's cosmetics;
6. toiletries.

The company has eight passenger and delivery vehicles that are used by sales representatives. The wholesaler is also a representative of several manufacturers of well-known brands and if the orders are very large, the goods are delivered from the manufacturer directly to the retail network. The building and its equipment (shelves, pallets, transport carts, lifts, etc.) are owned by Hurtownia Nochem Sp. z o.o.

1 J. Goliszewski, *Controlling – system koordynacji przedsiębiorstwa*, "Przegląd Organizacji" 1990, no. 8–9; M. Nowak, *Controlling działalności marketingowej*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2007; R. Kozielski (ed.), *Wskaźniki marketingowe*, Wolters Kluwer, Warszawa 2017; W. Dębski, *Prognozowanie sprzedaży*, Centrum Informacji Menedżera, Warszawa 1998.

2 P. Dittmann, *Prognozowanie w przedsiębiorstwie: metody i ich zastosowanie*, Wolters Kluwer, Kraków 2008; J.D. Lenskold, *Pomiar rentowności inwestycji marketingowych*, Wolters Kluwer, Kraków 2004.

Labor productivity, measured by the turnover per one employee directly in the trade, is slightly higher in the wholesale than in other stores of the same industry. However, employees are under a heavy strain, especially during periods of seasonal sales. As a result, employment was systematically increasing year by year.

Customer service plays a significant role in the company's policy. According to the company's manager, its warehouse is distinguished by an exceptionally high level of service, consulting for customers and the use of usually delayed payment deliveries. Wholesale Nochem Sp. z o.o. decides to use a trade loan for regular customers, but it is still a credit with a promissory note and a 30-day maturity.

The company's activities use elements of sales promotion, such as seasonal sales campaigns, radio and press advertising, informing regular customers about the new offer. Every year, the list of regular customers is updated, and they are also offered sales at lower prices.

The wholesale market for cosmetic and chemical products is characterized by the lack of a clear market leader. There are several wholesalers with similar potential and turnover. In terms of turnover, Hurtownia Nochem Sp. z o.o. occupies a leading position among wholesalers on the local market with over 10% of the industry's turnover. According to estimated research carried out on behalf of the company, it has a particularly strong market position in the second assortment group (over 15%), the third (over 20%) and the fifth (approx. 15%), while it has a weaker position in the first group (approx. 10%), the fourth (approx. 10%) and the sixth (approx. 10%). However, it should be emphasized that the company's market share has not changed significantly over the past two years and has decreased by approximately three percentage points. The management of the company therefore decided to review and evaluate the product policy, price and promotion. For this purpose, information was collected on the sales of individual assortment groups, costs of sales, inventories and employment, as well as company balance sheets and accounts. The analysis is to be used for a possible change in the sales structure and changes in the company's marketing policy.

The owner of the warehouse also decided that there is a sufficient number of wholesalers on the local market and the competition between them is intensifying. This is evidenced by the slightly decreasing market share of Hurtownia Nochem Sp. z o.o. on the local market. Therefore, a decision was made to expand and set up a warehouse in another city and province. For this purpose, it was decided to collect information describing cities in individual voivodships from the point of view of their economic situation, unemployment rate, population, average earnings, structure and changes in expenditure etc. The results of this assessment should determine the location of a new warehouse and expansion of operations. According to preliminary estimates, the cost of purchasing a warehouse with an area of approximately 600 square meters with its equipment will amount to approximately PLN 2 million. The company can finance the purchase partially from its own resources, take advantage of a bank loan or leasing. The annual interest rate on the loan (including all bank charges) is 12%, and installments are payable monthly. The grace period is six months and the repayment period is four years.

The terms of the financial lease are as follows: useful life – four years, the interest rate in the period between subsequent payments is 14%, and installments are paid quarterly.

Table 1. Sales area, turnover and purchase costs of groups – assortment

Assortment group	Turnover in PLN thousand			Selling costs in PLN thousand		
	1st year	2nd year	3rd year	1st year	2nd year	3rd year
1	700	800	900	560	700	800
2	1700	2000	2400	1460	1700	1800
3	1700	2000	2400	1460	1650	1810
4	500	600	800	400	500	650
5	800	1060	1300	700	900	960
6	600	940	1200	500	750	980
Total	6000	7400	9000	5080	6200	7000

Source: Own calculations based on data obtained from the company.

Table 2. Employment and inventories in individual assortment groups

Assortment group	Employment in persons			Inventories in PLN thousand		
	1st year	2nd year	3rd year	1st year	2nd year	3rd year
1	1	1	1	40	50	70
2	2	2	2	120	150	180
3	2	2	2	60	80	100
4	1	2	1	25	35	50
5	1	1	2	55	75	80
6	1	1	2	70	70	90
Total	8	9	10	370	460	570

Source: Own calculations based on data obtained from the company.

The tables presented above show that over the three years, sales grew faster (50%) than cost of sales (37.8%). Therefore, this is a positive tendency. At the same time, however, inventories grew slightly faster than sales – by over 54% and their turnover ratio.

Table 3. Profit statement for three years of operation

Outlays in PLN thousand			
	1st year	2nd year	3rd year
1. Costs of purchasing goods	1700	2200	2550
2. Personnel costs	980	1200	1200
3. Financial costs	500	540	500
4. Building maintenance costs	300	360	410
5. Purchase of new equipment	700	800	940
6. Advertising costs	300	400	500
7. Transport costs	500	600	700
8. Depreciation	100	100	200
Total costs	**5080**	**6200**	**7000**
Gross profit	920	1200	2000
Income tax	175	230	400
Net profit	**745**	**970**	**1600**
Income in PLN thousand			
	1st year	2nd year	3rd year
Sale	6000	7400	9000
Other income	0	0	0
Total income	**6000**	**7400**	**9000**

Source: Own calculations based on data obtained from the company.

Table 4. Balance sheets for three years of operation

	1st year	2nd year	3rd year
	1	2	3
ASSETS (in PLN thousand)			
1. Funds in the bank	450	390	400
2. Cash on hand	50	100	100
3. Receivables from recipients	530	770	650
4. Stocks of goods	370	460	460
5. Means of transport	900	1100	1540
6. Warehouse equipment	1100	1700	2200
7. Buildings	2600	2500	2300
Copies	–	–100	–200
Total	6000	6920	7450

Table 4 (cont.)

	1	2	3
LIABILITIES (in PLN thousand)			
1. Equity	3500	4170	4250
2. Obligations towards suppliers	580	500	400
3. Short-term liabilities towards banks	500	600	450
4. Long-term liabilities to banks	500	450	350
5. Taxes	175	230	400
6. Net profit	745	970	1600
Total	6000	6920	7450

Source: Own calculations based on data obtained from the company.

The above tables show that during the three years the net profit increased strongly (by about 115%). This was the result of a stronger increase in sales (by 50%) than in costs (about 37.8%). There were also changes in the cost structure – during three years the share of personnel costs decreased from 19.3% to 17.1%, but the share of costs of goods purchase increased from 33.4% to 36.4%. During the three years, expenditures on promotional activities increased by over 66%, and their share in total costs increased from 6% to over 7.1%. During the same period, the company's assets increased by about 24.2% and its equity by more than 21.4%. These changes can be considered positive.

The company should make strategic decisions relating especially to changes in the sources of purchase of goods and reducing the level of inventory and its rotation. It is also necessary to decide on possible changes in the offer (extension or resignation from selected groups of products) and the choice of an additional retail outlet. These decisions require more detailed controlling analyses of sales, sales costs of particular product groups and assessment of potential new locations of retail outlets.

3. Conclusion

Marketing decisions of companies should be preceded by thorough controlling analyses referring to the effects of its previous activities. Such analyses should include not only the information about the effects of sales, costs and inventory management, but also information about the company's environment and financial information. They can be taken, among others, from the balance sheet, income statement and cash flow statement of the company. They enable to assess the effectiveness of decisions made, prepare new marketing activities and establish the marketing budget of the company.

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A Loyalty Program in the Area of Digital Transformation Based on the Example of the Costa Coffee Brand

Programy lojalnościowe w erze transformacji cyfrowej na przykładzie marki Costa Coffee

Streszczenie. Powszechna transformacja cyfrowa, będąca pokłosiem wpływu trzech megatrendów – globalizacji, dynamicznego rozwoju technologii oraz nowego konsumenta na rynku, wymusiła na firmach dostosowanie się do nowych warunków rynkowych. Konsument, będący ostatnim ogniwem łańcucha, skupiający się tylko na konsumpcji jest obecnie współtwórcą oferty rynkowej. Jest bardziej wrażliwy na komunikaty marketingowe z wykorzystaniem nowoczesnych narzędzi takich jak między innymi urządzenia mobilne. Niniejsze opracowanie przedstawia proces adaptacji marki Costa Coffee do nowego środowiska rynkowego na przykładzie jej programu lojalnościowego.

Słowa kluczowe: programy lojalnościowe, globalizacja, transformacja cyfrowa, zarządzanie marką, nowoczesne koncepcje i narzędzia marketingowe, zarządzanie klientami.

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1. Introduction

Currently, we are witnessing changes in the economy as a result of, among other things, the development of information and communication technologies (ICT).[1] This transformation forces brands to adapt to the new digital market reality. In the era of these changes, a new type of consumer has emerged, who expects brands to adapt to the new realities of the market.[2] They are aware of modern solutions, share their opinions on social networking sites, look for uniqueness and authenticity and brands with personality.[3] They want to be active market participants and co-create it. They become a prosumer – a combination of a consumer and a producer.[4]

The aim of this article is to present the changes in the ways of communication with customers on the example of the new loyalty program Costa Coffee brand supported by mobile application.

2. The coffee market

According to the USDA (United States Department of Agriculture) research from the Coffee: World Markets and Trade report, global coffee production in 2018/2019 amounted to 174.5 million bags[5] (10,47 million tons), production increased by almost 16 million bags compared to the 2017/2018 season.[6] Global coffee production is based on the two most popular types of coffee: Arabica, which accounts for about 70% of world production, and Robusta, which accounts for about 30% of world production.[7] Arabica is a species requiring better climatic conditions than Robusta, which translates into both taste and price. Robusta is less tasty and cheaper.

1 G. Mazurek, *Transformacja cyfrowa. Perspektywa marketingu*, Wydawnictwo Naukowe PWN, Warszawa 2019, p. 13.

2 B. Gregor, D. Kaczorowska-Spychalska, *Homo Cyber Oeconomicus – nowy wymiar zachowań konsumenckich*, [in:] B. Gregor, D. Kaczorowska-Spychalska (eds), *Marketing w erze technologii cyfrowych. Nowoczesne koncepcje i wyzwania*, Wydawnictwo Naukowe PWN, Warszawa 2018, p. 59.

3 B. Gregor, M. Kalińska-Kula, *Market Intelligence jako program wsparcia procesów decyzyjnych we współczesnym przedsiębiorstwie*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2019, pp. 18–19.

4 A. Łaszkiewicz, *Współtworzenie wartości z konsumentami w środowisku wirtualnym*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2018, p. 31.

5 1 bag of coffee = 60 kg.

6 United States Department of Agriculture, *Coffee: World Markets and Trade*, https://downloads.usda.library.cornell.edu/usda-esmis/files/m900nt40f/41687n67f/nk322j622/coffee.pdf (accessed: 10.06.2019).

7 I. Sobczak, *Czy wiesz, co pijesz? Zobacz, jaki gatunek kawy wybrać*, https://businessinsider.com.pl/lifestyle/jedzenie/arabica-i-robusta-rodzaje-i-gatunki-kawy/cvjydq6 (accessed: 10.06.2019).

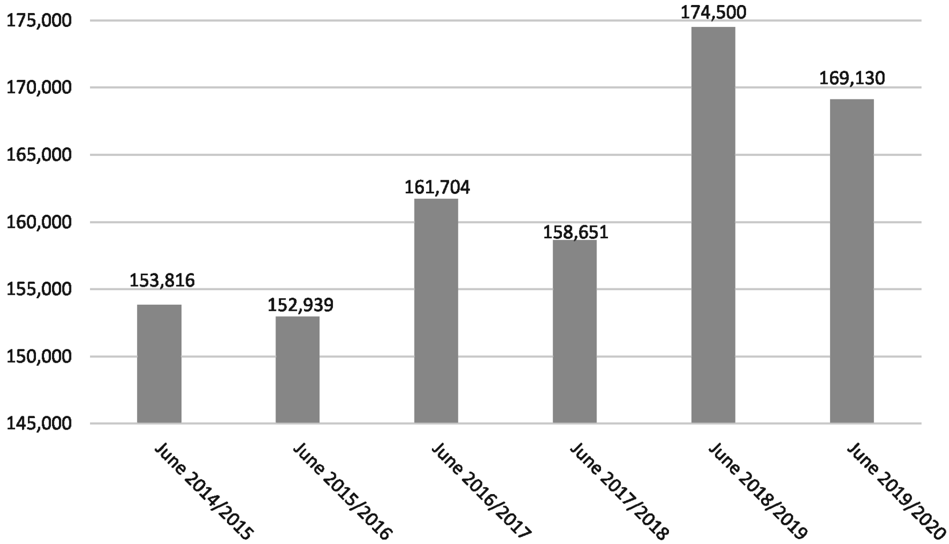

Chart 1. Global market of coffee production between 2017 and 2020 (in thousands of 60-kilogram bags)
Source: United States Department of Agriculture, *Coffee: World Markets and Trade*, https://apps.fas.usda.gov/psdonline/circulars/coffee.pdf (accessed: 10.06.2019).

Analyzing the graph one can notice a certain correlation. Between the seasons 2014/2015 and 2015/2016, 2016/2017 and 2017/2018 and 2018/2019 and 2019/2020 we can see a steeper and steeper decline in the value of the market. The reasons for this are, among others, very bad climatic conditions and a low price of coffee.

Table 5. Coffee summary of Arabica production between 2017 and 2020 (in thousands of 60-kilogram bags)

	June 2017/2018			June 2018/2019			June 2019/2020		
	Count	% of market share	Growth indicator (%)	Count	% of market share	Growth indicator (%)	Count	% of market share	Growth indicator (%)
	1	2	3	4	5	6	7	8	9
Brazil	38,500	40,810	−15,570	48,200	46,172	25,195	41,000	42,146	−14,938
Colombia	13,825	14,655	−5,308	14,300	13,698	3,436	14,300	14,700	0,000
Ethiopia	7,055	7,478	1,613	7,250	6,945	2,764	7,350	7,556	1,379
Honduras	7,600	8,056	1,198	7,000	6,705	−7,895	6,500	6,682	−7,143
Peru	4,375	4,638	3,550	4,380	4,196	0,114	4,500	4,626	2,740
Mexico	3,800	4,028	22,581	3,850	3,688	1,316	4,350	4,472	12,987
Guatemala	3,600	3,816	5,882	3,500	3,353	−2,778	3,500	3,598	0,000

Table 5 (cont.)

	1	2	3	4	5	6	7	8	9
China	1,925	2,041	6,944	2,200	2,107	14,286	2,300	2,364	4,545
Nicaragua	2,700	2,862	3,846	2,500	2,395	−7,407	2,300	2,364	−8,000
India	1,583	1,678	0,000	1,470	1,408	−7,138	1,485	1,527	1,020
Vietnam	1,300	1,378	18,182	1,400	1,341	7,692	1,400	1,439	0,000
Costa Rica	1,525	1,617	17,308	1,300	1,245	−14,754	1,375	1,413	5,769
Indonesia	1,000	1,060	−23,077	1,200	1,150	20,000	1,250	1,285	4,167
Papua New Guinea	0,760	0,806	−28,638	0,825	0,790	8,553	0,850	0,874	3,030
Uganda	0,750	0,795	−37,500	0,800	0,766	6,667	0,750	0,771	−6,250
Other	4,041	4,283	−3,786	4,218	4,041	4,380	4,070	4,184	−3,509
TOTAL	94,339	100,000	−7,079	104,393	100,000	10,657	97,280	100,000	−6,814

Source: United States Department of Agriculture, *Coffee: World Markets and Trade*, https://apps.fas.usda.gov/psdonline/circulars/coffee.pdf (accessed: 10.06.2019).

The Arabic market is dominated by Brazil with a share of over 40%. Second place is taken by the Colombian market with a share ranging from 13.698% to 14.7%. These are fixed market positions in contrast to the third place, for which two countries are fighting: Ethiopia and Honduras. In June in the season 2017/2018 Honduras was in third place, while in the seasons 2018/2019 and 2019/2020 Ethiopia wins. The highest growth rates in 2017/2018 were recorded in countries such as Mexico, Vietnam and Costa Rica. In 2018/2019, Brazil, Indonesia and China recorded the highest growth rates. In the last season presented in the table above, Mexico recorded the highest growth rate. It is worth noting that the worst season for Arabic producers was 2019/2020. This may be related to global warming and droughts. With the current results we can see that the Arabic market in the season 2019/2020 is decreasing in comparison to the previous period by almost 7%.

Table 6. Coffee summary of Robusta production between 2017 and 2020 (in thousands of 60-kilogram bags)

	June 2017/2018			June 2018/2019			June 2019/2020		
	Count	% of market share	Growth indica-tor (%)	Count	% of market share	Growth indica-tor (%)	Count	% of market share	Growth indica-tor (%)
	1	2	3	4	5	6	7	8	9
Vietnam	28,000	43,538	9,375	29,000	41,365	3,571	29,100	40,501	0,345
Brazil	12,400	19,281	18,095	16,600	23,678	33,871	18,300	25,470	10,241

	1	2	3	4	5	6	7	8	9
Indonesia	9,400	14,616	1,075	9,400	13,408	0,000	9,450	13,152	0,532
India	3,683	5,727	1,825	3,700	5,278	0,462	4,000	5,567	8,108
Uganda	3,600	5,598	−10,000	4,000	5,706	11,111	3,500	4,871	−12,500
Malaysia	2,100	3,265	0,000	2,100	2,995	0,000	2,000	2,784	−4,762
Cote d'Ivoire	1,250	1,944	14,679	1,700	2,425	36,000	1,800	2,505	5,882
Thailand	0,700	1,088	−12,500	0,650	0,927	−7,143	0,700	0,974	7,692
Tanzania	0,550	0,855	10,000	0,600	0,856	9,091	0,600	0,835	0,000
Laos	0,450	0,700	9,756	0,460	0,656	2,222	0,475	0,661	3,261
Other	2,179	3,388	−3,627	1,897	2,706	−12,942	1,925	2,679	1,476
TOTAL	64,312	100,000	6,870	70,107	100,000	9,011	71,850	100,000	2,486

Source: United States Department of Agriculture, *Coffee: World Markets and Trade*, https://apps.fas.usda.gov/psdonline/circulars/coffee.pdf (accessed: 10.06.2019).

Robusta's market is dominated by three countries: Vietnam is the first country with a share from 40.501% to 43.538%, Brazil with a share from 19.281% to over 25% and Indonesia with a share from over 14% to 13.152%. This order is constant and the only thing that is changing is the share of Brazil, which is growing in favor of a decrease in the market shares of the other leading countries in the market. The highest growth rate is observed in Brazil, similarly to the changing share. In the 2017/2018 season the indicator was over 18%, in the 2018/2019 season it was over 33%, in the last season presented the rate of growth slowed down, but it is still the highest in the sector and amounts to over 10%. The growth rate of the market is still positive, which means the growth that only changes its character to a less dynamic one.

In Poland in 2017, the coffee market reached the value of over PLN 5.3 billion. This value has been growing at an average annual rate of around 13% over the last few years.[8] Distribution of coffee in Poland is carried out by companies such as:[9]

- Mondelez International Inc., which includes such brands as Jacobs, Maxwell House, Carte Noire and Tassimo;
- Nestle SA – owner of Nescafe, Nestle Ricore, Nescafe Dolce Gusto and Nespresso brands;
- Tchibo;

8 Analiza Rynku, *Rynek kawy w Polsce*, https://analizarynku.eu/rynek-kawy-w-polsce (accessed: 10.06.2019).

9 Portal Spożywczy, *Kto jest liderem rynku kawy w Polsce?*, http://www.portalspozywczy.pl/napoje/wiadomosci/kto-jest-liderem-rynku-kawy-w-polsce,112531.html (accessed: 10.06.2019).

- DE Master Blenders 1753 NV – owner of the brands like Douwe Egberts, Cafe Prima;
- Strauss Group Ltd – owner of Pedro's, MK Cafe, Sahara, Fort.

Table 7. The count of the biggest brands coffee shops chains in Poland

Brand of Coffee Shop	Count of Coffee shops in year		
	2016	2017	2018
Costa Coffee	134	144	151
So! Coffee	60	n.d.	58
Starbucks	53	64	69
Green Caffè Nero	45	58	60
Etno Cafe	7	14	20
Dunkin' Donuts	7	n.d.	3
The value of the coffee shops market	PLN 500 mln	PLN 550 mln	PLN 600 mln

Source: A. Wrona, *Rynek kawiarni w 2016 r. przychylny dla dużych sieci*, http://www.portalspozywczy.pl/horeca/wiadomosci/rynek-kawiarni-w-2016-r-przychylny-dla-duzych-sieci,138842.html (accessed: 10.06.2019); Horeca Trends, *Ponad dwa tysiące gości Etno Cafe Młociny*, https://www.horecatrends.pl/kawiarnie_oraz_puby_coctail_bary/115/ponad_dwa_tysiace_gosci_etno_cafe_mlociny,2144.html (accessed: 10.06.2019); A. Wrona, *Rynek kawiarni w 2017 r. – podsumowanie*, http://www.portalspozywczy.pl/horeca/wiadomosci/rynek-kawiarni-w-2017-r-podsumowanie,153465.html (accessed: 10.06.2019); M. Kaszuba-Janus, *Starbucks z kolejnym punktem*, http://www.horecanet.pl/starbucks-z-kolejnym-punktem/ (accessed: 10.06.2019); J. Solska, *Wojny kawiarniane*, https://www.polityka.pl/tygodnikpolityka/rynek/1742908,1,wojny-kawiarniane.read (accessed: 10.06.2019); M. Kaszuba--Janus, *Nowy lokal Costa Coffee*, http://www.horecanet.pl/nowy-lokal-costa-coffee/ (accessed: 10.06.2019); K. Woźniak, *Costa Coffee pracuje nad nową strategią*, https://mmponline.pl/artykuly/213837,costa-coffee-pracuje-nad-nowa-strategia (accessed: 10.06.2019); Portal Spożywczy, *Dyrektor Costa Coffee: Rynek kawiarni jest warty co najmniej 550 mln zł (wywiad)*, http://www.portalspozywczy.pl/horeca/wiadomosci/dyrektor-costa-coffee-rynek-kawiarni-jest-warty-co-najmniej-550-mln-zl-wywiad,144659.html (accessed: 10.06.2019); Trójmiasto, *Marzysz o własnej kawiarni? Otwórz So! Coffee*, https://biznes.trojmiasto.pl/Marzysz-o-wlasnej-kawiarni-Otworz-So-Coffee-n127583.html (accessed: 10.06.2019); P. Winnicki, *Dunkin' Donuts opuszcza nasz rynek. Po raz drugi nie podbiło podniebień Polaków*, http://wyborcza.pl/7,155287,23781464,dunkin-donuts-opuszczaja-nasz-rynek-po-raz-drugi-nie-podbili.html (accessed: 10.06.2019).

The data describe the Polish market of café chains. The Costa Coffee brand has the largest number of open outlets. At the turn of 2016, 2017 and 2018 it opened 17 new cafes, which in total amounts to 151 open places. It is worth noting such brands as Starbucks, So! Coffee and Green Café Nero. In 2016, the chain of So! Coffee cafés was the second largest in terms of the number of openings, and in 2018 it fell to the fourth place. Green Café Nero changed its market position from the 4th place in 2016 to the 3rd place in 2018. The Starbucks chain, from the 3rd place in 2016 to the 2nd place in 2018. With the current number of outlets, the market contender cannot compete with the Costa Coffee chain, but may increase its competitive position in relation to other brands in order not to threaten its current position on the market. The value of the café market in Poland is growing on average by PLN 50 million year on year and the number of cafés on the market is rapidly growing.[10]

3. Costa Coffee

It is a brand founded in 1971 by brothers Sergio and Bruno Costa. The first café under the Costa brand was opened seven years later in London. Today the company has more than 2,103 branches in 25 countries. The company currently employs more than 40,000 people and serves more than 11 million people per month in the UK.[11]

The Costa Coffee chain entered the Polish market in 2010 as a result of the merger of two companies: CHI Polska SA and Costa Ltd (part of the hotel and catering group Whitbread PLC). The Coffeeheaven chain, present on the market, changed its name to Costa Coffee. The café is decorated in a modern style with accents of brick and wood. Communication promoting the new brand was carried out by means of ATL and BTL activities such as outdoor, Internet and radio.[12]

In order to engage their customers and encourage them to visit their stores more often, they have introduced a loyalty program. Initially, it consisted of collecting stamps on a cardboard box. After collecting the right amount of coffee, the customer received free coffee. The program did not stand out too much from the competition. Other brands used exactly the same form of customer loyalty building.

The technology started to develop and the competition slowly changed the conditions and forms of loyalty programs. Costa, in order not to lose its market position, introduced magnetic cards and a completely new loyalty plan – Coffee

10 V. Filimonau, M. Krivcova, F. Pettit, *An Exploratory Study of Managerial Approaches to Food Waste Mitigation in Coffee Shops*, "International Journal of Hospitality Management" 2019, vol. 76, p. 49.

11 Gastrona, *COSTA COFFEE w nowej odsłonie*, http://serwis-restauratorski.gastrona.pl/art/COSTA_COFFEE_w_nowej_odslonie,10399.html (accessed: 10.06.2019).

12 P. Mroziak, *Costa Coffee zastąpi marki Coffeeheaven i Costa by Coffeeheaven*, http://www.portalspozywczy.pl/horeca/wiadomosci/costa-coffee-zastapi-marki-coffeeheaven-i-costa-by-coffeeheaven,97817.html (accessed: 10.06.2019).

Club. It consisted in collecting points for money spent and exchanging them for free coffee. For every zloty spent, the customer received 5 points. For example, to get a cappuccino you need to collect 990 points.[13] This plan did not appeal to customers, especially in the times of market transformation and digitalization. As a result of these changes, its needs, behavior and communication have changed. Mobile technologies and smartphones have become an integral part of life.[14] For such a demanding new type of consumer, the current solutions proved to be unattractive.

3.1. New consumer on the market

New creation in the market space is characterized by constant verification of opinions and information from the real world in the virtual space. They like to integrate and create communities. They have high technological competence.[15] They actively participate in creating the market value of enterprises/brands, which they actively use.[16] They talk to brands through social media channels, especially on mobile devices.[17] Most of their social life is already experienced in the virtual world.[18] These transformations have a significant impact on the current purchasing processes that change the current consumer behavior paradigm. The ROPO effect (research online, purchase offline) is a symptom of such changes. Before making a purchase in a stationary shop or using a service, the consumer searches for information about it on the Internet. Additionally, the reverse ROPO effect (research offline, purchase online) can also be observed – searching for information in a stationary shop, while the purchase is made via the Internet.[19]

13 M. Socha, *Która sieć kawiarniana jest najlepsza?*, https://kawowy.guru/jaka-siec-kawiarniana-jest-najlepsza/ (accessed: 10.06.2019).

14 P. Kotler, H. Kartajaya, I. Setiawan, *Marketing 4.0. Era cyfrowa*, MT Biznes, Warszawa 2017, p. 28.

15 K. Stopczyńska, *Wykorzystanie influencer marketingu w kreowaniu relacji z klientami pokolenia Y*, „Studia Oeconomica Posnaniensia" 2018, vol. 6, no. 5, p. 107.

16 E. Gwiaździński, *Nowoczesne narzędzia marketingu mobilnego w perspektywie ludzi młodych*, [in:] M. Sipa, I. Gorzeń-Mitka, A. Włodarczyk, A. Skibiński, M. Sitek (eds), *Wielowymiarowość zarządzania organizacją XXI wieku*, Wydawnictwo Politechniki Częstochowskiej, Częstochowa 2019, pp. 170–171.

17 A. Krzepicka, *Współczesny konsument – konsument digitalny*, "Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach" 2016, no. 255, pp. 207–208.

18 A. Linkiewicz, M. Bartosik-Purgat, *Konsument oraz proces decyzyjny w warunkach globalizacji*, [in:] M. Bartosik-Purgat (ed.), *Zachowania konsumentów. Globalizacja, nowe technologie, aktualne trendy, otoczenie społeczno-kulturowe*, Wydawnictwo Naukowe PWN, Warszawa 2017, p. 19.

19 R. Wolny, *Zmiany w zachowaniach nabywczych polskich e-konsumentów*, "Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach" 2016, no. 270, p. 287.

3.2. Loyalty program

In response to the new market conditions, Costa brand owners decided to improve the existing loyalty plan and adapt it to the requirements of new consumers. In October 2018, they launched a new loyalty program in Poland via a mobile application available on smartphones.[20] The application uses mobile technologies such as QR codes and geolocation. QR codes are used as a graphic form of individual identification of a café customer and as an individual coupon. Geolocation, on the other hand, provides information about the nearest cafes in the area.[21] In the new plan the customer collects beans for the purchase of coffee, in order to receive free coffee beans, it has to collect fourteen beans. In addition to collecting beans, the customer gets additional discounts in the form of coupons, e.g. for seasonal coffee or extra cake.[22] The purchase process is as follows.

Figure 1. The purchasing process in Costa Coffee
Source: Own elaboration.

In the first stage of the process, the customer chooses the product or products they wish to purchase. In the second stage, the customer is identified. The buyer brings the individual customer ID in the form of a QR code closer to the reader. In the next stage, the customer chooses whether to take advantage of a bonus (free coffee) or a discount. Then, they make the payment and in the last step they collect the order. After the payment is made, the beans are charged immediately. The current quantity can be seen when the application is launched.

The application of the Costa Coffee loyalty plan consists of four tabs. The navigation menu for them is located at the bottom of the screen. The first tab shows the current number of grains, individual customer ID in the form of a QR code as well as available prizes and discounts. The second tab shows a map of available cafes in the vicinity. The third tab shows an individual customer code, which is sent to

20 Wiadomości Handlowe, *Costa Coffee digitalizuje swój program lojalnościowy*, https://www.wiadomoscihandlowe.pl/artykuly/costa-coffee-digitalizuje-swoj-program-lojalnoscio,49345 (accessed: 10.06.2019).

21 J. Hamdan, *Aplikacja pełna ziarenek kawy*, https://handelextra.pl/artykuly/216421,aplikacja-pelna-ziarenek-kawy (accessed: 10.06.2019).

22 M. Soroczyńska, *Kawiarnie Costa Coffee wprowadzają aplikację Costa App*, https://mmponline.pl/artykuly/216469,kawiarnie-costa-coffee-wprowadzaja-aplikacje-costa-app (accessed: 10.06.2019).

a friend to invite him/her to register in a loyalty plan. When registering, one needs to enter the customer code in the appropriate field. After registration, the referrer will receive an additional two seeds. The last tab contains settings, information about current promotions, regulations, contact details and a button for logging out.

Figure 2. Illustration of Costa Coffee mobile application
Source: Apple, *Costa Coffee Club PL*, https://apps.apple.com/pl/app/costa-coffee-club-pl/id1435140959 (accessed: 10.06.2019).

The new, digitalized loyalty program adjusted to the new consumer was positively evaluated by the recipients and additionally won two awards during the 10th Poland & CEE Customer Loyalty Summit. The first Loyalty Awards statuette was awarded in the best loyalty program/activities in services (B2C) category, and the second in the best new loyalty program/activities of the year 2018 category.[23]

4. Conclusion

In summary, the Costa Coffee brand has introduced a renewed, digitalized loyalty program in an attempt to encourage its existing customers to come to the café more often and attract new customers. The new loyalty plan was positively evaluated by café customers, which may translate into increased brand revenue, increased

23 Ł. Szymański, *Program lojalnościowy Costa "Coffee Club" nagrodzony w Loyalty Awards*, https://biznes.newseria.pl/biuro-prasowe/it_i_technologie/program-lojalnosciowy,b639293097 (accessed: 10.06.2019).

awareness of the Costa Coffee brand, improved brand image and a declaration of brand positioning to listen more to customers. Such efforts are significant determinants of building competitive advantage in relation to other players on the market and allow the brand to maintain its leading position, despite significant pressure from the global competitor, Starbucks. While paying particular attention to the temporary nature of competitive advantages, brand owners should analyze the current performance and start developing their loyalty plan in order to further increase customer engagement and prevent the main competitor from jeopardizing the current market position in any way in the future.

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Forms and Methods of Internationalization of Enterprises – The Case Study of Polish Manufacturer of Household Furniture

Formy i metody internacjonalizacji przedsiębiorstw: studium przypadku polskiego producenta mebli domowych

Streszczenie. Niniejsza publikacja odnosi się do problemu kształtowania strategii ekspansji firmy na rynkach zagranicznych – przykład stanowi polska firma produkująca meble. Dlatego też podjęto się scharakteryzowania rynku meblowego w Polsce i opisania sposobu ekspansji wybranej polskiej firmy meblarskiej. Uwzględniono w niej elementy takie jak motywy internacjonalizacji firmy, metody oceny i wyboru rynków zagranicznych, formy rozwoju na rynki międzynarodowe oraz metody określania efektów działalności firmy na rynkach zagranicznych. Powyższy problem zostanie wyjaśniony dzięki dostępnym źródłom wtórnym z branży meblarskiej oraz badaniu własnemu z udziałem przedstawiciela firmy produkującej meble domowe w północnej Polsce.

Słowa kluczowe: internacjonalizacja przedsiębiorstw, strategie marketingowe, kształtowanie strategii ekspansji firmy na rynkach zagranicznych, rozwój przedsiębiorstwa, zarządzanie rynkami.

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1. Introduction

The development of internationalization and globalization processes has increased economic links between particular countries, regions and enterprises.[1] Not only large enterprises but also small and medium-sized ones are already involved in the internationalization processes. Regardless of their size, they are forced to compete. Even if Polish companies, which refrained from entering the foreign market, due to the increasing competition on the domestic market of foreign competitors, forcing them to take action to take into account the aspect of expanding their operations to international markets. It should be noted here, that in such a situation, companies, especially small ones, are forced to drastically restructure their organizations, products and technologies to create conditions for development on foreign markets, and to face up to the current competition there.[2] In such situation companies often lack knowledge and experience resulting from the lack or small internationalization of their company's activity.

This publication refers to the problem of shaping the company's expansion strategy on foreign markets – a Polish company manufacturing furniture is used as an example. Therefore, it was undertaken to characterize the furniture market in Poland and describe the method of the selected Polish furniture company's expansion. It took into account such elements as motives of the company's internationalization, methods of assessing and choosing foreign markets, forms of development into international markets and methods of determining the effects of the company's activities on foreign markets.

Given the above problem, it will be explained by available secondary sources from the furniture industry and own research with a representative of a company producing household furniture in the north of Poland.[3]

1 J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstw*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2004; B. Liberska, *Współczesne procesy globalizacji światowej*, "Bank i Kredyt" 2000, no. 59.

2 K. Przybylska, *Formy internacjonalizacji polskich małych i średnich przedsiębiorstw*, [in:] Z. Dach (ed.), *Ekonomiczno-społeczne problemy transformacji systemowej w Polsce. Polska wobec problemów globalizacji*, Polskie Towarzystwo Ekonomiczne, Kraków 2008, pp. 132–152; A. Zorska, *Ku globalizacji? Przemiany w korporacjach transnarodowych i w gospodarce światowej*, Wydawnictwo Naukowe PWN, Warszawa 1998.

3 The research was carried out in 2018 using a standardized electronic survey, sent directly to the representative of the analyzed company, who agreed to participate in the study. The consent to the study was agreed by phone or e-mail.

2. Furniture market in Poland – conditions and its importance in foreign expansion

The furniture industry is one of the most important sectors of the Polish economy. It contributes as much as 2.17% of Polish GDP, whereas the average for EU countries is 0.55%. According to the KPMG report "Furniture market in Poland 2017", the value of furniture production in our country amounted to PLN 42 billion.[4]

Over 90 per cent of furniture produced in Poland is exported.[5] Apart from China, the United States, Germany and Italy, Poland is mentioned as one of the most important countries for the furniture industry.[6] Poland is the 4th exporter of furniture in the world and the 6th largest producer of furniture. The main markets for Poland are European markets, and the largest among non-EU countries – the United States.[7]

The companies that have mastered the furniture market in Poland are mainly micro and small enterprises, a large part of which are family businesses. They engage in working not only different generations but also, what is most important, they pass on their expertise and share their experience. Such management allowed the furniture created in Poland to be considered unique and appreciated all over the world.[8]

Polish furniture brands on the world market are still little recognized. A large number of companies only manufacture furniture for foreign contractors or intermediaries, who later sell it under their brands. Introducing a new brand on the furniture market in Poland is not an easy task and also requires legal protection of their products. However, looking at the rapid development of the furniture industry, it is worthwhile to produce furniture under one's brand, because it allows to earn much more, as well as to give your company good prospects for the future.[9]

During the 590 Congress in Rzeszów, 17 November 2017, T. Wiktorski, the Manager of the Polish Furniture program in the Department of Polish Development Fund Sector Programs said:

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4 M. Sodolski, *Foreign expansion of Polish furniture industry*, https://www.e-point.com/news-and-ideas/foreign-expansion-of-polish-furniture-industry (accessed: 24.04.2018).

5 J. Bereźnicki, *Polscy producenci mebli idą na rekord. W planach na ten rok obroty 50 mld zł i trzecie miejsce na świecie*, https://www.money.pl/gospodarka/wiadomosci/artykul/polscy-producenci-mebli-ida-na-rekord-w,116,0,2397556.html (accessed: 2.02.2019).

6 Report *Branża meblarska. Wzrost znaczenia polskich producentów na świecie, luty 2019 r.*, PKO BP, https://wspieramyeksport.pl/api/public/files/1506/PKO_BRANZA_MEBLARSKA_2019_final.pdf (accessed: 2.02.2019).

7 *Strzelecki: Polska jest 4. eksporterem mebli na świecie*, PAP, https://www.pb.pl/strzelecki-polska-jest-4-eksporterem-mebli-na-swiecie-929887 (accessed: 2.02.2019).

8 Semtak, *Analiza: Rynek meblowy w Polsce*, https://semtak.pl/analiza-rynek-meblowy-w-polsce/ (accessed: 2.02.2019).

9 *Ibidem*.

The purpose of the "Polish Furniture" program is to develop the image of Polish furniture as a manufacturer of high-quality brand products. Our ambition is to occupy, by the end of 2020, the first place in Europe when it comes to the value of furniture exports. We also want to become the leading European furniture manufacturer in terms of value by the end of 2030.[10]

3. Characteristics of the company – manufacturer of household furniture

The analyzed company produces household furniture. The company has over 25 years of experience in the furniture industry. It is a family business. Its highly qualified staff, its knowledge and commitment allows the firm to supply the market with furniture at a high aesthetic and visual level.

It can be observed that the surveyed company follows the trends in the furniture market. This is also confirmed by the report prepared by KPMG, which shows that aesthetics (97%), functionality (92%) and simplicity (89%) will shape the furniture industry the strongest. The furniture will be kept mainly in light shades of wood, white and grey (81%). The furniture will be maintained primarily in light tones of wood, white and grey (81%). In the coming years, the client will pay attention to the representativeness and lightness of forms and shapes of furniture proposed to them (81%).[11]

The analyzed household furniture company, as it claims itself, has hundreds of ways to make its products from the best selected Italian leathers through natural and synthetic materials. All this, combined with professional advice and an experienced team of craftsmen, allows the company to provide its customers with an unusual and unique product. The company's offer includes a wide range of upholstered furniture models. It offers sofas, corners, armchairs, pouffes in leather and fabric, modular furniture, benches, wall units, tables, chairs and stools, beds, mattresses and frames. In the offer of the company, there is a possibility to choose accessories to the purchased furniture such as a vase, carpet, lamp etc.

Referring to the KPMG report *Furniture market in Poland 2017*, it can be concluded that the most often indicated type of furniture bought by the

10 Report *Condition and prospects of the Polish furniture market – Polish Development Fund Special Report*, https://mediapfr.prowly.com/25227-condition-and-prospects-of-the-polish-furniture-market-polish-development-fund-special-report (accessed: 6.02.2019).

11 KPMG, *Rynek meblarski w Polsce*, June 2017, https://assets.kpmg/content/dam/kpmg/pl/pdf/2017/06/pl-Raport-KPMG-Rynek-meblarski-w-Polsce-2017.pdf (accessed: 30.01.2019).

respondents was furniture for a living room (40%). Kitchen furniture (36%) and bedroom furniture (35%) are the subsequent most popular types. Upholstered leisure furniture (29%), garden furniture (20%) and children's or youth furniture (20%) were exchanged slightly less frequently by respondents. However, 18% was noted for the category of built-in furniture or hallway. Office furniture is the least popular with only 6% of respondents.[12]

According to the above information, it should be noted that the enterprise vision also includes their declaration, the company operates with passion. Since the beginning of the company's establishment, the passion has been caring for details and product quality, which in effect allows to create unusual, unique, in terms of form, and ergonomic furniture.

It should be noted that customers, when choosing furniture, are mostly guided by its functionality (88%), durability performance (87%) and the price-quality ratio (84%). The last factor mentioned also has a significant impact on furniture manufacturers and distributors, making the price an important element of the struggle for the customer.

Surveys of the furniture market show that as many as 82% of all respondents declared that high quality of the product, as well as the ability to adjust it to their individual needs, have a significant impact on their purchasing decisions. For eight out of ten Poles, it is essential to be able to return or complain about the furniture purchased, as well as to have an attractive appearance.[13]

The analyzed company as its market advantage considers the fact that it provides its customers with virtually unlimited interference in the final product. The company has an individual approach to each client. They provide their customers with professional advice, transport and assembly, availability and lead time, the possibility of payment in instalments, guarantees the sold products.

The company has a modern machine park, digitally operated cutting tools and many other technological solutions.[14]

The analyzed company declares that it is a recognizable brand on the domestic and foreign markets. The company's furniture can be seen not only in partner salons in Poland and Europe, but also in the company's showroom located in the south of Poland. The company also has an electronics store. Although it should be mentioned here that this form of furniture sales is in the upward phase (according to KPMG research, 28% of respondents buy furniture online).[15]

The presented company has the organizational and legal form of a limited liability company. The company meets the conditions for large companies, taking

12 *Ibidem*.

13 *Ibidem*.

14 *Polskie firmy meblarskie coraz mocniej wchodzą na zagraniczne rynki*, Interia Biznes, https://m.interia.pl/biznes/news,2510718 (accessed: 30.01.2019).

15 KPMG, *op. cit.*

into account the criteria for classifying companies into different size groups. It employs nearly 300 people, and at the same time, its annual turnover is in the range of EUR 3–10 million.

4. Company's operations on foreign markets

The company's stable position on the domestic market allowed it to focus its efforts on international markets using one of the least risky forms of expansion – direct export.[16]

The described furniture manufacturer has over nine years of experience in operating on foreign markets, which probably results in their knowledge about the specificity of these markets and can motivate the company to expand further. Perhaps, in the future, the company should consider using more advanced forms of development in order to better "infect with their passion" the customers of products abroad.

The company operates mainly in European countries. The researched representative of the company mentioned such markets as Germany, France, Austria, Czech Republic, Slovakia, Belarus, Ukraine, Hungary, Switzerland and Russia.

Therefore, it can be concluded that the company is expanding into foreign markets, however, currently only within the borders of Western and Eastern Europe.

The owner of the company is responsible for planning, implementation and accuracy of decisions made in the company. On the other hand, within the area of marketing on foreign markets, there is an individual organizational unit that is responsible for it.

4.1. Research methods to assist in the selection of market expansion

The presented company declares that they conduct research before they decide to enter the selected foreign market. The company's employees usually study the future international market. They are supported by reports from research institutions, industry magazines, their own experience and knowledge of the industry.[17]

16 See more: J. Rymarczyk, *op. cit.*

17 Preparation of an expansion strategy requires earlier research on foreign markets. Information on potential sales markets can be collected by the company by conducting research based on secondary and/or primary sources. Secondary sources in international research are more important than in primary market research. For more information see, inter alia: J. Schroeder,

The research methods used by the company to support the company's decisions regarding the choice of the company's expansion market are BCG (Boston Consulting Group), comparative analysis and concentration analysis.[18] These methods enable the company to eliminate unattractive markets.

It should be noted that the company has considerable autonomy in its operations and performs current control of its operations. This way of operating should be assessed positively, as it foretells the company's future failure in foreign markets before they decide on more risky forms of entering foreign markets.

4.2. Motives and aim of the surveyed company's activities on foreign markets

The main objective of the companies entering foreign markets was to increase sales of products, but the company also wanted to enlarge the range of its activities. Therefore, it can be stated that the objective was not only economic.

The representative of the researched company also determined the importance of motives influencing the decision related to the selection of future foreign markets.[19] Cost, procurement and political motives were the most frequently mentioned. To a lesser extent, the representative referred to factors within market motives. For the surveyed company, the reason for entering a foreign market was not the problems on the domestic market or the expansion of international business partners. Moreover, the unsatisfied demand on the selected global market was not the motive for taking action there. However, within the market motives, the task of the company's representative has a lower intensity of competition on the foreign market and a high intensity of competition on the domestic market.

M. Bartosik-Purgat, H. Mruk, *Międzynarodowe badania marketingowe*, Wydawnictwo Uniwersytetu Ekonomicznego, Poznań 2013, pp. 41–69; W. Grzegorczyk, K. Szymańska, *Strategie marketingowe polskich przedsiębiorstw na rynkach zagranicznych. Studia przypadków*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2018, pp. 12–17.

18 For more information on how to select expansion markets see, inter alia: J. Schroeder, *Badania marketingowe rynków zagranicznych*, Wydawnictwo Akademii Ekonomicznej, Poznań 2007, pp. 90–97; J.W. Wiktor, R. Oczkowska, A. Żbikowska, *Marketing międzynarodowy. Zarys problematyki*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2008, pp. 97–101.

19 In the literature on the subject more about different forms of motives for entering foreign markets see, among others: G.S. Yip, *Strategia globalna. Światowa przewaga konkurencyjna*, Polskie Wydawictwo Ekonomiczne, Warszawa 1996; J.H. Dunning, *Multinational Enterprises and the Global Economy*, Addison-Wesley Publishing Company, New York 1993.

4.3. Expansion models of the researched company on foreign markets

The analyzed company admitted to two models of expansion into international markets, and this is determined by the strength of the company and its experience and the specificity of potential foreign markets.[20]

The company admitted to using an unconventional internationalization model, which consists of the company entering several markets at the same time. The company also mentioned a network model, taking into account the company's connections with different foreign environment entities. Over time, contacts with partners in networks in international markets develop and, as a result, the process of learning, knowledge acquisition about foreign markets, sharing knowledge of these companies takes place within a formal or informal network. This model speeds up the company's internationalization process. Bearing in mind that the company operates in geographically and culturally close markets, these expansion models seem to be justified.

4.4. Marketing strategies of the researched company in foreign markets

The interview with the company's representative shows that the company undertakes modifications in marketing instruments, taking into account the specificity of the selected foreign market.[21] This means acting in accordance with a polycentric or region-centric orientation. According to their declarations, the company approaches the needs and requirements of customers in an individualized manner. The company undertakes to diversify its customers mainly as a result of demographic, economic and socio-cultural factors. It should be noted here that strategic coherence has maintained on the part of the company, which also proves its maturity as a company that knows what consequences associated with disregarding customers can emerge.

Changes in marketing instruments mainly concern the manufactured product, price and distribution channels. Depending on the requirements of new customers about the product, most changes are made in the packaging, brand and shape of the product. Product changes are reflected in price changes. This is due to the incurred costs of manufacturing the product, proposed prices of competitors on foreign markets, or the size of demand.

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20 K. Fonfara (ed.), *Marketing międzynarodowy. Współczesne trendy i praktyka*, Wydawnictwo Naukowe PWN, Warszawa 2014; G. Karasiewicz, *Marketingowe strategie internacjonalizacji polskich przedsiębiorstw. Podejście holistyczne*, Wolters Kluwer, Warszawa 2013.

21 See more: J.W. Wiktor, P. Chlipała (eds), *Strategie marketingowe na rynkach międzynarodowych*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2012, pp. 20–21.

Within the marketing instrument – distribution, it should be mentioned that the company has its company shop in Poland, but also has its electronic shop. This second way of reaching customers is more significant for distant foreign markets. The company delivers its product to the consumer.

According to the company's representative, promotional activities are carried out on foreign markets, and the company is responsible for them independently. Promotional activities are adapted to the specificity of a particular region. The tools used by the company to communicate with the recipients on the serviced foreign markets are usually brochures/newsletters, folders, events or trade fairs. The choice of promotion tools depends on the group of buyers, competition activities or the life cycle phase of the product on the market.

5. Analysis of the effectiveness of operations

The company recognizes the need for rational planning of strategic actions to translate into a competitive advantage in selected foreign markets, as well as evaluating the effectiveness of the distribution channels used, and the company's participation in internationalization processes. This also translates into the use of marketing metrics to monitor the effectiveness of undertaken activities.[22]

The big advantage of the analyzed company is the awareness of the need to monitor the effectiveness and efficiency of actions. In order to assess activities at the strategic level, the company uses indexes such as market share and sales growth dynamics.

Much more indicators are used by the company to assess sales effectiveness and distribution channels.

The company measures the following factors: the sales trends, the share in shops handling the brand, the average sales per points of sale, they calculate the price index, determine the profitability threshold, and determine the price elasticity.

It must be mentioned that the assessment of activities here generally refers to the final effects of the company's operations, mainly related to sales. Meanwhile, it is

22 See more: B. Pera, *Miary internacjonalizacji przedsiębiorstw – przegląd wybranych koncepcji i badań*, "Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach" 2017, no. 319, pp. 184–198; D.E. Thomas, L. Eden, *What Is the Shape of the Multinationality-Performance Relationship?*, "The Multinational Business Review" 2004, vol. 12, no. 1, p. 96; G. Karasiewicz, *Marketingowe strategie internacjonalizacji polskich przedsiębiorstw. Podejście holistyczne*, Wolters Kluwer, Warszawa 2013, p. 185; M. Szymura-Tyc, *Measuring the Degree of Firms' Internationalization at the Early Stages of International Commitment*, "Journal of Economics and Management" 2013, no. 13, p. 106; R. Kozielski (ed.), *Wskaźniki marketingowe*, Wolters Kluwer, Warszawa 2017.

also necessary to monitor current activities aimed at strengthening the company's position on the market. In order to analyze the share in internationalization processes, the presented manufacturer uses mainly measurement of the share in sales on foreign markets in comparison with the total sales made by the company as well as carries out an analysis of the share of profit from operations on selected foreign markets to the total profit achieved by the company.

The choice of these indicators also seems to confirm the previous conclusion that the company mainly focused on measuring sales activities, without a more in-depth analysis of the effectiveness of short-term and medium-term actions to be undertaken.

6. Conclusions for the researched company

The company has long-term experience in foreign market activities, which enabled it to acquire customers from Eastern and Western Europe. The company understands the specificities of each supported market by differentiating the customer and customizing the product. The company can start thinking of a more serious entry into foreign markets and more distant markets than Europe instead of just sticking to export. If the company decides to enter more distant international markets, it may be necessary to apply more advanced and capital intensive activities. However, its technological development and organizational cohesion suggest that it has sufficient resources to succeed with more risky forms of action (e.g. its own branch) or to operate in countries outside Europe. The company also puts great emphasis on building its brand in Poland and abroad. In addition, to assess the effectiveness of the actions undertaken, the company uses basic marketing metrics, which should be broadened. It will then be possible to assess the effectiveness and efficiency of actions better and more objectively.

7. Summary of the furniture industry

Summing up, the company is moving in the right direction according to the prevailing market trends.

Based on market research of the furniture industry, it is possible to list a few elements which have a significant impact on the success of Polish furniture companies on foreign markets. These elements include:

- company experience – Polish producers have rich, long experience in cooperation with foreign markets;
- individual approach to the client – companies understand the necessity of meeting the high requirements and expectations of today's customers, companies show great flexibility about customer requirements, allow the customer to create products;
- location – the furniture market in Poland has a great view of Western Europe, where there is a huge number of furniture buyers, which facilitates cooperation;
- organizational development – an active improvement of design as well as work on the growth of own brands;
- technological development – Polish companies introduce newer and newer technological solutions for furniture production;
- investments – intensive use of all EU investments and funds;
- costs – relatively low production and labor costs;
- resources – the good location of the base of materials used for furniture production (wood, etc.)[23]

However, one of the most serious challenges related to international expansion is organizing the logistics: this is the crowning moment of a purchasing process in e-commerce. Transportation is one of the bottlenecks in the case of online purchasing of expensive goods such as furniture. However, it can become another tool for building a competitive advantage for the Polish company.[24] The automation and robotization of production, the integration of the value chain, material, functional and design innovations, and direct services for individual and institutional customers have the potential to become a driving force for the development of furniture industry.[25]

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23 KPMG, *op. cit.*

24 M. Sodolski, *Foreign expansion of Polish furniture industry*, https://www.e-point.com/news-and-ideas/foreign-expansion-of-polish-furniture-industry (accessed: 24.04.2018).

25 Report *Condition and prospects of the Polish furniture market – Polish Development Fund Special Report*, https://mediapfr.prowly.com/25227-condition-and-prospects-of-the-polish-furniture-market-polish-development-fund-special-report (accessed: 6.02.2019).

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Evidence of Effectiveness of Viral Marketing Based on Case Studies
Dowody skuteczności marketingu wirusowego na podstawie studiów przypadków

Streszczenie. Celem artykułu jest wskazanie determinantów skuteczności marketingu wirusowego na podstawie przypadków znanych firm globalnych. Omówiono sześć kluczowych zasad, które – jeśli są zachowane – zwiększają prawdopodobieństwo, że komunikat rozprzestrzeni się wirusowo. Do każdej z reguł dobrano przykłady ze świata biznesu, polityki, mediów społecznościowych. W artykule opisano również wady i zalety kampanii z wykorzystaniem marketingu wirusowego np. dla Coca-Coli.

Słowa kluczowe: marketing wirusowy, strategie marketingowe, marketing szeptany, reklama.

1. Introduction

The purpose of the following paper is to indicate the evidence of viral marketing effectiveness. In the first part of the publication the definition of viral marketing and evolution of this phenomenon are explained. Moreover, readers will become acquainted with the most popular social media platforms and their influence on viral marketing development. The second part of the article introduces a specific formula with elements that makes things go viral. It is six principles created by

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Jonah Berger, professor from University of Pennsylvania. Next, the advantages and disadvantages of viral marketing will be presented.

An effective advertisement is a good advertisement. A lot of things are included to build something snappy – professional graphics, ambient music, an interesting story. Nowadays it is so much harder to get customer's attention. Advertising messages are everywhere, people are tired of them and they have learned how to ignore them. Every company dreams to offer something that the customer will like and share. To achieve this, they need to prepare smart, valuable and interesting commercials that people will talk about. Social media platforms help to inform potential customers about new products and offers. They also encourage people to leave a comment, and share their message with others.

All of these principles are legitimate and it will be confirmed by providing real examples from successful companies. If companies follow this formula, they will have a much higher chance of becoming successful.

2. Definition and story of viral marketing

Viral marketing is a marketing technique which encourages potential customers to distribute company's information, services, and products among themselves via the Internet. This tool can also be described as a marketing strategy which involves users sharing messages to others. The expected result of this action is a multi-fold growth in sale.[1]

The most common channel to "go viral" is Social Media. The main reason is the lack of costs associated with the publication of advertising by the company and for the audience to receive and share the product with friends and "followers". Nowadays, it is very common to share information, pictures and videos online. People share with their virtual friends what interests them, gives them happiness, sadness, amusement etc. Often, they do not even realize that because of word distribution, they unconsciously promote the brand that runs the ad.[2]

According to statista.com portal, Facebook is still the most popular social network site worldwide (October 2018). Below is an abbreviated version of the most popular Social Media platforms in the world.[3]

1 The Economic Times, *What is 'Viral Marketing'*, https://economictimes.indiatimes.com/definition/viral-marketing (accessed: 25.11.2018).

2 K. Kiwak, *Viral marketing*, The TechTarget, https://searchsalesforce.techtarget.com/definition/viral-marketing (accessed: 25.11.2018).

3 K. Petrick, *Most Effective Social Media Platforms for Viral Marketing*, https://www.aumcore.com/blog/2016/06/29/most-effective-social-media-platforms-for-viral-marketing/ (accessed: 7.12.2018).

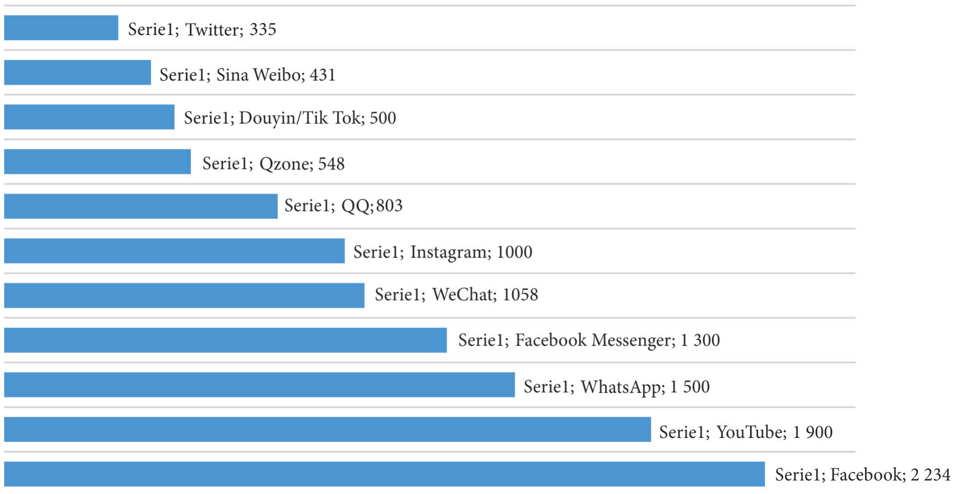

Chart 2. Most popular social network sites in the world in October 2018 (number of active users in millions)
Source: statista.com (accessed: 20.11.2018).

Despite the fact that Facebook is the most active platform, not the whole content fits there. To post a campaign with viral potential, a business needs to choose the appropriate Social Media channel. It is suggested that Facebook is the most emotional platform. Facebook users seek personal connection, which is precisely the reason why this platform was created. On social media, it is important to be authentic and create a friendly atmosphere. When the message is genuine, it gives the consumer their trust and makes the possibility of sharing the media or ideas more likely.[4]

YouTube is the number two most active social network and leading platform for videos. People are posting, watching and sharing their favorite content there. In the group of 18–29 year-olds ads are more effective there than on the TV. It shows how Social Media affect today's generation. A lot of videos distributed there have viral potential, for instance, the most popular or funny moments, DIY, vloggers videos as well as educational videos. Recently people started to give more attention to videos with useful content prepared for enterprises. Michael Miller in his book *YouTube for Business: Online Video Marketing for Any Business* shows the three main tasks that video content marketing needs to achieve: to inform, educate and bring entertainment.[5] Also webinars – online workshops done with the use of

4 *Ibidem*.
5 M. Miller, *YouTube for Business: Online Video Marketing for Any Business*, Que Publishing, Indianapolis 2011, pp. 21–57.

technology that enables mutual communication between the meeting leader and the participants – are a good example of an effective tool.[6]

The third place in ranking for popularity is WhatsApp. This platform was created to help people all over the world communicate. In a commercial way this is a little bit complicated because WhatsApp does not sell advertisements. They made it clear from the start that they want to keep their basic strategy. They did this despite the fact that companies have found a way to get to their customers using tools like WhatsApp Bulk Sender or WA Panel – which help get to the customer with offers and products. Despite that, one of the main reasons WhatsApp exists is to exchange messages with friends and family. They talk about a plethora of things, also they recommend themselves products and share opinion about some brands.[7] This attitude takes us to the very beginning of viral marketing – word of mouth.

Word of mouth is the initiation of the natural behavior of the recommendation of goods by the consumer. Mark Smiciklas said that "word of mouth has the power to quickly build up or tear down the reputations of products, services and organizations".[8] His point is that when people talk with each other, they do not care about brand reputation, they just tell their friends how they really feel about the product including also disadvantages. On the other hand if something surprised them positively, they will mention this and stress some advantages. When companies do a good job (e.g. take care of quality), there will be nothing to worry about. Unfortunately, customers can always find some reason for dissatisfaction. It can be caused by problems with delivery (even if this is not dependent on the business), an unpleasant employee or even a big line to the register. It can cause a really unpleasant experience that outweighs the satisfaction associated with the product. This shows that enterprise should take care of every detail associated with their product. We can be sure that customers are not going to lie to their friends and family. They will share the true information.

Furthermore, when we have a good product and customer service, word of mouth is our strength. People will probably say nice things about our brand. The figure below shows how it can translate into results.

6 A. Olejniczak, M. Wielgus, *Videomarketing – przyczyny popularności trendu*, [in:] E. Śnieżek (ed.), *Trendy w Biznesie*, SIZ, Łódź 2017, pp. 76–79.

7 Ratan, *Best tools for WhatsApp business marketing campaigns in 2018*, https://yourstory.com/mystory/5cfb930b0a-best-tools-for-whatsap (accessed: 8.12.2018).

8 M. Smiciklas, *Word of mouth marketing*, https://socialmediaexplorer.com/content-sections/tools-and-tips/word-of-mouth-marketing/ (accessed: 8.12.2018).

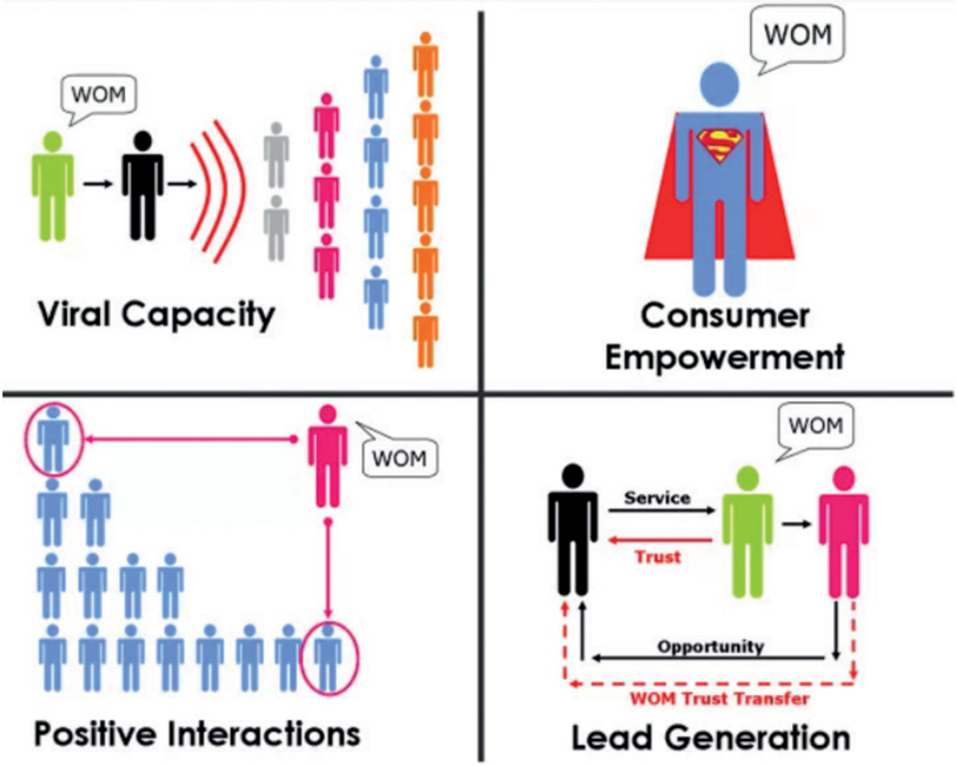

Figure 3. The essence of word-of-mouth marketing
Source: M. Smiciklas, *Word of mouth marketing*, https://socialmediaexplorer.com/content-sections/tools-and-tips/word-of-mouth-marketing/ (accessed: 7.12.2018).

This picture shows that one person who shares an advert might get round with a message to a big group of people. It is good to know that negative word of mouth gets to people faster than positive information. Usually negative emotions are stronger than positive in the case of buying a product, so people share information about the brand subjectively and implicitly.

The word of mouth purpose is also about creating a buzz around the company. People need to receive something that they can talk about. Good introductions to that can be through free samples, brand events in public places (like shopping malls), competitions, degustation. Customers are then involved and they feel they are a part of something special, so after that they want to share their positive emotions with others. Thanks to this, the brand goal is achieved.

3. Evidence of viral marketing effectiveness

There are a lot of factors explaining why viral marketing is so effective. The main thing is that people are tired of traditional adverts and do not want to be encouraged to buy products so directly. A lot of customers have learned how to ignore commercials, and for companies it means that their actions are not effective. Because of that businesses need to prepare something unusual, to make people pay attention to their message. Jonah Berger – the expert of viral marketing, word of mouth and social influence has specified a scientific formula which answers the question – what makes things go viral. According to his book *Contagious. Why things catch on*, the author specifies six principles on how to make products or ideas go viral.[9]

The first one is **Social Currency**. It is about how people present themselves, they want to be different, more fascinating and interesting in the eyes of others. They share in social media whatever makes them look good. Nobody wants to show failures, boredom or ordinariness. This knowledge is very important for companies. If customers do not want to be average, they should not treat them like that. They ought to give them something unusual, and thanks to that make them feel special.

A great example is Coca-Cola which personalized 800 million bottle labels with names on them. Popular slogan *Share a Coke with…* tempts people to buy and share the popular drink with others. In the store customers were looking for a bottle with their name on it. Having a bottle with their name made them special, so they wanted to share this on social media.

Figure 4. Social currency in Coca-Cola activities
Source: Coca-Cola Bottling Company United, *Share a Coca-Cola Campaign… is that my name on there*, https://cocacolaunited.com/blog/2013/08/02/share-a-coca-cola-campaign-is-that-my-name-on-there/ (accessed: 10.12.2018).

9 J. Berger, *Contagious. Why Things Catch on*, Simon & Schuster, New York 2013.

In 2014 Coke had 998 million impressions on Twitter and sold more than 150 million personalized bottles.[10] Lucie Austin who was one of the original brand executives in Australia to launch the campaign, perfectly sums up what Coca-Cola wanted to give people:

> We gave consumers an opportunity to express themselves through a bottle of Coke, and to share the experience with someone else. The fact that your name is on a Coke bottle, it can't get more personal than that! The campaign capitalized on the global trend of self-expression and sharing, but in an emotional way. Coke is big enough to pull off an idea like this, which speaks to the iconic nature of the brand. Who would want their name on a brand unless it was as iconic as Coke? "Share a Coke" found the sweet spot by making consumers famous through the most iconic brand in the world.[11]

This campaign is a great example of social currency and a specific answer from Coca-Cola, which understood people needs, and gave them a product that helped them express themselves.

The second rule in Jonah Berger's formula is **Triggers**. It is about making people think about a brand by giving them short catchy reminders. Creating a slogan is one of the most popular and effective ways to stay in customer's mind for a long time. People repeat these to each other and finally, when somebody uses a phrase, it is not just a sentence, it brings memories and reminds them of a brand.

"Just do it", "Think Different", "I'm loving it", "A diamond is forever", "Tastes So Good", "Cats Ask for It By Name", "Because You're Worth It" – these are examples of some of the most popular slogans in America and in the world. A lot of people can say with no problem what brands imply in these slogans. Some brands never decide to translate them, because they want to stay in customer's mind in the same form everywhere in the world. Some of the lines of Nike products are made only with "Just do it" sign. They know the slogan is that popular that vast majority of the people will know what brand is that.

The next principle is **Emotion**. The author divided emotions into two groups. First – positive, like excitement, amusement, contentment. Second – negative, like anger, anxiety and sadness. All of these emotional states make people share, when they feel this kind of emotion. Obviously, nobody wants to share embarrassing things about their lives, so people don't really share when they get fired or their child fails the last math exam. On the other hand, a lot of people like to post when they get promoted, kids win something, or they are just doing great at school. This

10 M. Hepburn, *The share a Coke story*, https://www.coca-cola.co.uk/stories/share-a-coke (accessed: 10.12.2018).

11 J. Moye, *Share a Coke. How the Groundbreaking Campaign Got Its Start 'Down Under'*, 17.07.2016, https://www.coca-colacompany.com/au/news/share-a-coke-how-the-groundbreaking-campaign-got-its-start-down-under (accessed: 10.12.2018).

example shows that principle number one (social currency) restricts from sharing emotional but shaming information.

It should be noted that people spend a lot of time being focused on the environment, politics, showbusiness, on whatever arouses their interest.

Additionally, social commercials are very emotional. When people see posts of a poor or sick kids, abandoned dogs, somebody who has just lost a house in fire, they are more likely to share and help. First of all, situations like that make us feel sad, and humans are full of empathy, so they want to help. Secondly, people think how they can help apart from money, so they get an idea to share the message with others. If they ask their friends to help, maybe somebody will have money for treatment. These kinds of posts also show our friends that we are good people, who want to help others.

Politics also brings really strong emotions. In 2016, during the presidential election America got divided into two different groups: Democrats and Republicans. In spite of the fact they have always had the same conflict, two years ago it was beyond what is considered normal. Donald Trump or Hillary Clinton's fans or opponents were posting and sharing their sets of beliefs in social media. People commented, argued, agreed, and expressed all types of emotions. Also after the result, the Internet users were posting their feelings about the vote. It didn't matter if they felt happy or angry, they didn't hesitate to show the world their positive or negative emotions.

The fourth step in the presented model is **Public**. People often imitate those around them. Psychology science named this "social proof".[12] It describes a social phenomenon about people who copy the actions and behaviors of others, to act the same as them in a given situation. There are a few types of social proof, first – expert social proof – it might be a doctor who recommend medicines, a prominent blogger who just put his new collection on the market or any expert in any area who exerts influence on others.

The second – celebrity social proof – superstars are walking advertisements, whatever they publicize or recommend, they get a lot of attention.[13] We can notice evolution of influence marketing, especially because Instagram new stars were born. People want to watch how their favorite influencers spend the day, what they eat, where they buy clothes, where they are going for vacation. Some sources declare that influencer marketing is the fastest-growing online customer-acquisition method.[14] An example of good celebrity – influencers campaign is

12 B. Feldman, *Social Proof: Your Key to More Magnetic Marketing*, https://neilpatel.com/blog/social-proof/ (accessed: 3.01.2019).

13 S. Hum, *I'll Have What She's Having: 26 Examples of Social Proof Used in Marketing*, https://www.referralcandy.com/blog/social-proof-examples/ (accessed: 3.01.2019).

14 E. Knightley, *20 Influencer Marketing Statistics that Will Surprise You*, https://digitalmarketinginstitute.com/blog/20-influencer-marketing-statistics-that-will-surprise-you (accessed: 3.01.2019).

M&M's. The company lets customers decide what kind of flavor they should offer them next. They had three options to choose. M&M's asked over 20 influencers to join and share a campaign in social media. They amplified the message across their social platforms and geo-targeted posts to involve people across the USA.[15] The results surpassed all expectations – more than 1 million people voted for their favorite flavor. They built up over 269 million social media, PR and influencer impressions; 216 influencer partner posts and 14,4 million social engagements.

The third type of social proof is user social proof. Bright Local company conducted a customer study to answer the question how reading consumers reviews determines if a business is good or not. They found out that 88% of customers believe and follow these opinions. Furthermore, 85% of them read at least ten reviews before they trust some company. It shows that people choose product carefully and they want to make sure it is going to meet their expectations. Previous customers should not have any intentions to lie, so others trust them and base on their opinions.

The next type of social proof is wisdom of the crowd. This formula realizes how people follow the mass. Bestsellers, "people who bought X also bought Y", top 10 – people what to see what is popular, what crowds decide is interesting, they want to follow them to make a right decision. A perfect example of this kind of social proof comes from the 1960's when people all over the world bought over 50 million of Elvis Presley's record. Despite that they wanted to sell more, so they decided to make an advertisement using psychological and marketing tricks to make people buy more. The title they put on the album is a classic social proof – 50,000,000 Elvis fans can't be wrong.

The last form of social proof is wisdom of friends. People trust their friends and family recommendations more than strangers. Some customers realize that sometimes influencers are not really using products that they promote, or some opinions and comments are made by companies which sell some product. Because of that customers are more careful and only trust friends, who typically have no interest in recommending products. In marketing, this type of social proof is used in numerous cases. For example, TripAdvisor when you try to look for a restaurant or hotel, they give you recommendations what your friends tried before and it might interest you too. They say "Your friends have visited this!" – they know if stars and opinions of others are not going to get your attention, your friends are a better option. You can always call and ask how they liked it and ask for details, you can't do this with random online opinions.

15 Influencer Marketing Hub, *12 Influencer Marketing Examples That Prove Influencer Marketing is Digital Marketing's Next Big Thing, Now*, https://influencermarketinghub.com/12-influencer-marketing-examples/ (accessed: 3.01.2019).

Figure 5. Social proof and Elvis Presley's album
Source: B. Feldman, *Social Proof: Your Key to More Magnetic Marketing*, https://neilpatel.com/blog/social-proof/ (accessed: 3.01.2019).

The fifth Jonah Berger's principle is **Practical Value**. People like to share value and practical information to help others. Customers exchange useful opinions to save others' time and energy. If you know that your friend is interested in some specific field, and you know about some great deal, you will probably send a message to this person. Parents send some coupons, easy recipes, useful articles about taking care of the house to their children who have just moved out from family's houses. Groupon (service with virtual coupons) is a good marketing example how to help people save money by using their vouchers. They offer discounts on almost everything – from trips to cooking workshops. People like to share something that sounds like a good deal. Scrolling Groupon we can find a lot of different services, some of them might be something that our relatives or friends were looking for, so why shouldn't we text them and send an offer? These actions make companies more popular and because of word of mouth they immediately get more trust from potential customer, because the brand was recommended by someone they believe.

The next key factor in the steps framework are **Stories**. It is one of the most efficient way to share information and ideas. Customers don't want to see boring commercials, this does not get their attention and does not make them buy a product. They want to be given some kind of entertainment. In the story the most important features are narrative, characters and plot. The product should be in the background, just to let customers know who prepared this production and who provided them with so many emotions.

In 2017 Samsung wanted to draw closer their service across India, because people there needed to go sometimes 50 miles just to have a minor repair of some device.[16] Samsung decided to buy 535 vans to drive to customers who needed service. And it is what the commercial is about. A driver gets a call about a broken television and he needs to go there to fix it, but he doesn't realize that the way there will be full of obstacles. The story is very interesting from the very beginning, and we can see a little bit of real India. The driver is very calm and helpful, which shows us that he is not angry to drive that far. When he finally arrives, he sees a blind girl, and then many blind kids who are waiting for the Samsung service to fix their TV because they want to see their housemate singing in a popular contest show.[17] The story is very touching and surprising. The company introduced their new service in a very smart way and customers responded very positively to this kind of promotion. The campaign got over 150 million views.[18] The CEO of Samsung, India Ranjivjit Singh summed up this campaign saying: "Our new initiative of expanding to rural India, right up to the taluka level, helps us in taking care of our valued customers, wherever they are", he said. "The new campaign video gives a glimpse of yet another initiative toward our 'Make for India' commitment. We are very happy to receive an overwhelming response from consumers across India, who have given a big thumb up to the campaign".[19]

Social currency, triggers, emotion, public, practical value, stories – all these factors can make commercials catch on. It is a good idea to analyze cases of other companies and try to find these dimensions there. Then, it will be easier to create something new. These factors are the ones that will help your advertisement go viral.

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16 T. Nudd, *Ad of the Day: See the Sweet Samsung Ad That's Become a Major Hit in India*, https://www.adweek.com/brand-marketing/ad-day-see-sweet-samsung-ad-thats-become-major-hit-india-175484/ (accessed: 21.12.2018).

17 https://www.youtube.com/watch?v=779KwjAYTeQ (accessed: 21.12.2018).

18 T. Nudd, *The 10 Most Watched Ads on YouTube in 2017*, https://www.adweek.com/creativity/the-10-most-watched-ads-on-youtube-in-2017/ (accessed: 21.12.2018).

19 *Ad of the Day: See the Sweet Samsung Ad That's Become a Major Hit in India*, https://princestreet.co/post/155726289919/ad-of-the-day-see-the-sweet-samsung-ad-thats/amp (accessed: 21.12.2018).

4. Advantages and disadvantages of viral marketing

Using this kind of promotion method has a lot of pros and cons. The company, as a prime mover and creator of advert, needs to prepare a message which people will repeat and share. It is very important to create publicity that is going to be consistent with another firm's action. On this basic level, enterprise should also estimate a risk connected with sharing such load-bearing commercial. Discussion in a team responsible for this decision should play down all second thoughts and help to make best resolution.

One of the biggest advantages of viral marketing is a relatively low cost to reach potential customers. Viral spreads for free, there are people just interested in communicating to share the message. When a company shares a viral video, post, or image in Social Media, they do not need to pay any money to publish it. The only thing they need to pay for is preparing an advert. Depending on what kind of commercial it is going to be (video, mem, picture), costs will differ, especially when they want this to look professional. Comparing viral marketing to, for example, television, the former is much more profitable. The cost of production in many cases may be the same, but if you want to make the advertisement available on TV, you need to be aware of the huge costs associated with its existence in a given broadcasting time. There are no restrictions on the Internet as to the duration and specific times of display, which is why there are no costs to distribute information on the Internet, so in this area it is a definite advantage.

The second advantage of creating a sharing-potential message is building an emotional and strong relationship with the recipients. When the message is interesting in some way: funny, surprising or serious, paying attention to important things, customers start to perceive the brand in a completely different way. They identify with it, they get familiarized from a more human side, begin to like it – these effects are obviously the goal of any company deciding on this type of campaign. They are so important because receivers are much more likely to talk about something they like, what they are convinced about, which made them want to share it with others. This approach of customers, in the long term, may result in a better reception of other advertising messages of the company, also existing outside the Internet. Such behaviors strengthen the value and position of the brand. One virus can solve the problem of long-term development of opinions, one campaign that will catch the community and become a virus. The great advantage is that in a very short time, the company can boost sales through massive sharing and opinions circulating in the virtual and real world.

Strong emotions are one of the most important building blocks. Christmas time is a good moment to connect people and show them something that will really involve them. Some companies look for some social subjects, the other ones for touching stories, but everybody wants people to watch and talk about it with others. When the commercial is really good, receivers feel strong emotions, and they want to share their feelings with friends and families. The easiest way is to share a video in their Social Media, write some comment and wait for people's reaction to talk about it. A good example might be John Lewis company. Every year in December, they show a beautiful commercial, and for some of their loyal customers it is a symbol of Christmas. People all over the world wait for this just to feel Christmas atmosphere and watch some valuable story. Despite the fact that advertisement never promotes their products, during this time their number of orders is significantly increasing. Furthermore, they can build a strong relation with customers, who will always recommend their products.

The next asset is an opportunity to reach new customers. Due to the lack of control over the spread of advertising, the message in not addressed to a specific group of people. Therefore, the advertisement will reach different market segments, not just the target ones. It may turn out that this procedure will expand our target group, which will increase our market share.

Although there are a lot of benefits of viral marketing, all are burdened with a considerable risk. The first thing is about distribution. If a company decides to share something on the Internet, it must be aware of the fact it will not be withdrawn. Nothing is lost on the Internet, everything that appears there once can be downloaded and shared by anyone in any place in the world. So, if something goes wrong, as it was predetermined, you can delete the message from the channels over which you have control, but the other corrective actions will be inconclusive. The company must be ready for the fact that the advertisement can be misinterpreted by a certain group of recipients, so the viral effect will be opposite to the intended one. Customers, instead of recommending products and services of a given company, will start to dissuade from them. Then, even the most professional brand image built over the years can be destroyed, and will be very difficult to rebuild. Moreover, untrue rumors can be shared and repeated over and over again, and because you can still find the source of confusion, there is a high probability that nobody will forget about it soon.

The disadvantage is also the fact that each piece of information we send can be modified. It works in a similar way to a dead phone – people pass a string of sentences, but they can forget or misunderstand something, so the final version can be completely different from the original one. However, it is worth bearing in mind that not only through the Internet activity, the company may fall victim to the Internet crisis.

Another minus of viral marketing are fake news. Unfortunately, not only the company or the brand can create information about themselves, but also its competitors. As it was written above, something like this cannot be controlled and consumers can get to know our company from the side we would not like to show. A good example is a joke made by an online artist on very popular pop singer, Justin Bieber. They figured out that they can characterize one of them as a singer and take a photo of him eating burrito. The joke was that he would eat in sideways. Then, they sent a photo to popular gossip sites, so they could share it on their channels. They did not have to wait long for the reactions. Internet sites and online users have massively shared the photo, laughing and commenting that the star cannot eat Mexican delicacy correctly. All the most important media in the United States (and not only) shared information as a funny news item of the day. The Internet went crazy. Justin Bieber's picture was everywhere, that day everyone was talking only about it. You can claim that the joke did not harm anybody. However, this virus could damage the image of a Canadian singer as a brand, or simply privately offended him. Nevertheless, apart from ethical issues, this message is a perfect example – how to engage the audience. People have reacted so emotionally that they started to upload photos in their Social Media when they eat burrito the same way as Justin Bieber. Their involvement and reception of the message certainly exceeded the expectations of creators who had not expected such a large-scale response.

To sum up, viral marketing has a lot of advantages and disadvantages. This kind of communication form can bring benefits, but is also related with a risk. It is very important to answer the question if publicity is going to be consistent with the strategy and business concept and what kind of risk this type of communication involves. It is self-evident that enterprise can prepare a few scripts with answers what to do if something goes wrong. This sort of insurance will allow to act quickly in the moment of crisis.

5. Conclusion

After having considered all the points, it is clear that nobody can make a viral advertisement without the help of the public. Despite the fact that knowledge of all available tools might help us create a viral-potential message, everything depends on people. The public is the only force that may decide if they are going to share something and make it popular or not. The purpose of the article was to show the concrete factors that make things go viral. According to Jonah Berger's book – *Contagious. Why Things Catch on?* we can definitely indicate six variables – social currency, triggers, emotion, public, practical value and stories. All case studies attached to these factors are supposed to help us understand the phenomenon. It is easier to believe that we can prepare a viral potential message by seeing successful campaigns where these tools were used. It is always a challenge to create something fresh and unusual, but in this example, it is a necessity. Everybody wants new entertainment, and when we prepare something special, we know it is not a good fortune when it gets popular, it was hard work to include all the factors – the things that make people share.

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Exploring Business Model Innovation Process: Evidences from a Czech Virtual Reality Start-up

Proces innowacji modelu biznesowego: studium przypadku czeskiego startupu działającego w sektorze wirtualnej rzeczywistości

Streszczenie. Prezentowany artykuł odnosi się do procesu innowacji modelu biznesowego. W artykule zbadano, w jaki sposób startup może wprowadzić zmiany w działaniu w zakresie modelu biznesowego w obszarze wykorzystania wirtualnej rzeczywistości w edukacji służby zdrowia. Przedstawiono również nowatorskie podejście do wykorzystania wirtualnej rzeczywistości (VR) w procesie edukacyjnym. Badanie miało na celu pokazanie mechanizmów innowacji modelu biznesowego. Wykorzystuje ono metodę studium przypadku i zostało przeprowadzone na przykładzie czeskiego startupu, który prowadzi swoje działania w oparciu o technologię wirtualnej rzeczywistości i stosuje ją w takich branżach jak opieka zdrowotna, edukacja, usługi społeczne i sektor rządowy. Badanie pozwoliło na identyfikację głównych mechanizmów kształtujących elementy modelu biznesowego oraz pokazało szerokie zastosowanie technologii wirtualnej rzeczywistości. Rozwój modelu biznesowego jest wymagany na współczesnym rynku, typowym dla czwartej rewolucji przemysłowej, która prowadzi do automatyzacji i digitalizacji procesów biznesowych.

Słowa kluczowe: wirtualna rzeczywistość, model biznesowy, innowacja modelu biznesowego, startup.

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1. Introduction

The innovation process becomes a compulsory part of management policy for managers, entrepreneurs and startups operating on the demanding competitive environment.[1] The recent business literature underlined the connection between innovation process and business model. One of the approaches to understand the business model (BM) is presenting the BM concept as the architecture of value creation, delivery and capture mechanisms used by the firm. There is also the extant common understanding of BM concept as construct of commoding a supply-side and a demand-side area of the company.[2] BM exists on the basis of changes in the model itself and changes in its individual components and it can be treated as a way to expand company's competitiveness.[3]

Innovation has always been one of the key drivers of growth and competitiveness in business. In recent years, literature and research have confirmed that business model innovation increases a company's opportunities for success much more than new products or process improvements.[4]

In the context of amplification of BM innovation process as a key driver to competitiveness in business the study is an attempt to address the following question: How innovation process and the mechanisms of innovation within business model can enhance the competitive advantage of a startup? Moreover, the paper explores how a start-up can bring change in terms of business model modification in the area of using virtual reality in healthcare education. A novel approach to using virtual reality (VR) in the educational process is also presented.

Due to the depth of the investigation required to present the main mechanisms innovating the startup's business model and showing the extension of implementing the virtual reality qualitative research was undertaken.

Specifically, the study was based on a case study methodology based on the qualitative interviews and additional sources related to the Czech virtual reality start-up.

The paper provides two main contributions. First, it is a scientific attempt to investigate the main mechanisms of business model innovation process. Second, it delivers the extend knowledge of virtual reality usage in healthcare education sector.

1 A. Cavallo, A. Ghezzi, B.V.R. Guzmán, *Driving Internationalization through Business Model Innovation: Evidences from an AgTech company*, "Multinational Business Review" 2020, vol. 28, no. 2, pp. 201–220.

2 L. Massa, C.L. Tucci, A. Afuah, *A Critical Assessment of Business Model Research*, "Academy of Management Annals" 2017, vol. 11, no. 1, pp. 73–104.

3 D.J. Teece, G. Pisano, A. Shuen, *Dynamic Capabilities and Strategic Management*, "Strategic Management Journal" 1997, vol. 18, no. 7, pp. 509–533.

4 O. Gassmann, K. Frankenberger, M. Csik, *The Business Model Navigator: 55 Models That Will Revolutionise Your Business*, FT Press, Hoboken 2014.

2. Business Model and Innovation Process

Business model research and various findings within BM development bring to the forefront the approach to defining BM in which "Business Model is the architecture of the value creation, delivery, and capture mechanisms (a firm) employs".[5] This definition shows the holistic approach of the construct in the identification of a firm's key processes and searching for relations between them. This approach is going to conceptualize the value creation understood as an innovation within offering to the market, looking for the efficient methods of value delivery by relying on processes to reach customers and partners. Finally, it results in creating the monetary value for an organization, as a resultant revenue models and cost structures.[6, 7]

Research shows the need to frame the business model in dynamic terms. This perspective reveals a company that needs to adopt or renew its business model to remain competitive.[8]

There is a considerable debate about defining the business model innovation process in a precise way. First, BM modifications of a single element are known to be considered only as a type of model improvement. Next, companies can make replacement of more elements in the model. Finally, it can be looked at as a continuous change phenomenon leading to an innovation process.[9]

It is necessary to consider the innovation process itself as a phenomenon of change, which is considered to be new to existing solutions in a company, market or industry.[10]

From the point of view of the business model innovation process, the changes are considered in relation to the BM elements, as well as to the architecture of the links between the elements itself. The dynamics of these changes over time should also be highlighted.[11]

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5 D.J. Teece, *Business Models, Business Strategy and Innovation*, "Long Range Planning" 2010, vol. 43, no. 2–3, pp. 172–194.

6 T. Clauss, *Measuring Business Model Innovation: Conceptualization, Scale Development, and Proof of Performance*, "R&D Management" 2017, vol. 47, no. 3, pp. 385–403.

7 M.N. Cortimiglia, A. Ghezzi, A.G. Frank, *Business Model Innovation and Strategy Making Nexus: Evidence from a Cross-industry Mixed-methods Study*, "R&D Management" 2016, vol. 46, no. 3, pp. 414–432.

8 D.J. Teece, G. Pisano, A. Shuen, *op. cit.*

9 P. Spieth, D. Schneckenberg, J.E. Ricart, *Business Model Innovation – State of art and Future Challenges for the Field*, "R&D Management" 2014, vol. 44, no. 3, pp. 237–247.

10 L. Massa, C.L. Tucci, *Business Model Innovation*, "The Oxford Handbook of Innovation Management" 2013, vol. 20, no. 18, pp. 420–441.

11 N.J. Foss, T. Saebi, *Fifteen Years of Research on Business Model Innovation: How Far Have We Come, and Where Should We Go?*, "Journal of Management" 2017, vol. 43, no. 1, pp. 200–227.

The process of BM innovation can furthermore be considered as the creation of new entities, especially during the seed period. Creation and working on the various elements of the business model is key to becoming competitive. Additionally, business model innovation is required in today's market, typical of the fourth industrial revolution, which leads to automation and digitalization of business processes. This is a digital environment typical for the development of modern startups.[12]

The scholars provides many findings on business model innovation process. However, there remains still a research gap in understanding the creation and innovation of business models for startups. Limited research exists with reference to the validation of the business model construct, existing BM change mechanisms for technology startup companies.

3. Virtual Reality Technology in Healthcare Education Sector

Virtual reality technology has been explored for more than fifteen years and applied in many sectors such as medicine, industry, education, video games, or tourism.[13] According to Sacks[14] "Virtual Reality is a technology that uses computers, software and peripheral hardware to generate a simulated environment for its user". The concept of Virtual Reality (VR) pertains to the entire simulated reality created by the computer systems by using digital formats. Researchers have indicated three key drivers linked to VR system: Immersion, Interaction and Visual Realism.[15] The first driver, which is immersion, refers to the virtual technologies and devices such as virtual glasses, gloves with movement sensors or many others to enable user to interact with a virtual environment. The VR environment requires real-time

12 P.P. McDougall, B.M. Oviatt, *New Venture Internationalization, Strategic Change, and Performance: A Follow-up Study*, "Journal of Business Venturing" 1996, vol. 11, no. 1, pp. 23–40; E. Autio, S. Nambisan, L.D.W. Thomas, M. Wright, *Digital Affordances, Spatial Affordances, and the Genesis of Entrepreneurial Ecosystems*, "Strategic Entrepreneurship Journal" 2018, vol. 12, no. 1, pp. 72–95.

13 J. Martín-Gutiérrez, C.E. Mora, B. Añorbe-Díaz, A. González-Marrero, *Virtual Technologies Trends in Education*, "EURASIA Journal of Mathematics Science and Technology Education" 2017, vol. 13, no. 2, pp. 469–486.

14 R. Sacks, A. Perlman, R. Barak, *Construction Safety Training Using Immersive Virtual Reality*, "Construction Management and Economics" 2013, vol. 31, no. 9, pp. 1005–1017.

15 L.J. Rosemblum, R.A. Cross, *The Challenge of Virtual Reality*, [in:] W.R. Earnshaw, J.A. Vince, H. Jones (eds), *Visualization and Modeling*, Academic Press, San Diego 1997, pp. 325–399.

interaction. The user obtains the feedback, which permits to react and send commands to the computer by input device.[16] Output devices create the conditions of visual realism and realistic illusion in a way that hardware and software should render detailed scenarios with physical models to be credible.

The arrival of VR is also observed in educational environment. It is going to facilitate and support learning styles and simulate innumerable learning scenarios. It is observed that the possibilities of the scenarios can be limited only by imagination.[17]

There are studies in the scientific literature linking VR and education sector as creating new way to teach and learn, improving academics performance and motivation, developing collaboratives skills and enhance psychomotor and cognitive skills.[18] Moreover, the adoption of a virtual learning environment has offered a range of benefits over the traditional learning environment including flexible schedule, more individual accountability, mobility, student-centered learning, and others. Despite these benefits, the virtual spaces require smaller costs than the cost needed to build a classroom infrastructure.

According to Kirkpatrick, the effectiveness of the training was defined as four level model.[19] The model clarifies four important problems linking the effectiveness of training process and usage of VR technology. Firstly, the VR training program should elicit a strong response from participants. The technology fully engages the training participants into the action and makes the real impact. In the contrary to the traditional learning environment, VR provides the real impression to exist in the realistic world. The second level refers to the learning transfer occurrence. The VR system enables the user to verify the progress and test the level of obtained knowledge and skills. The third level is linked with the measurement of the impact of the training. VR application measures with the precision whether the learning goal has been achieved. Finally, the fourth level causes the main implications for the productivity and cost reductions of the training. VR improves the learning process in the context of employees' performance.

The potential is also observed for healthcare educational sector. According to Allied Market Research, the market for virtual and augmented reality in healthcare sector is expected to reach $2.4 billion by 2026.[20] Despite the relatively short

16 G. Riva, *Virtual Reality*, [in:] *Encyclopedia of Biomedical Engineering*, John Wiley&Sons, London 2006.

17 M.W. Norris, K. Spicer, T. Byrd, *Virtual Reality. The New Pathway for Effective Safety Training*, "PSJ Professional Safety" 2019, vol. 64, no. 6, pp. 36–39.

18 J. Martín-Gutiérrez, C.E. Mora, B. Añorbe-Díaz, A. González-Marrero, *op. cit.*

19 D.L. Kirkpatrick, J.D. Kirkpatrick, *Evaluating Training Programs: The Four Levels*, Berrett-Koehler Publishers Inc., San Francisco 2006.

20 Based on report *Virtual reality (VR) market – growth, trends, Covid-19 impact, and forecasts (2021–2026)*, Mordor Intelligence 2020, https://www.mordorintelligence.com/industry-reports/virtual-reality-market (accessed: 1.11.2021).

period of time of existing VR technology, the healthcare educational sector can already boast the success by usage VR in the process of training and educating medical personnel. VR simulated training programs have proved their efficiency in training medical students and surgeons. The technology provides a realistic environment, implicates repetitions for practice, and saves costs by reducing the number of trainers required. The number of medical institutions deploying VR in training students and professionals is constantly increasing. The evidence comes from the study conducted by Yale University School of Medicine. The study found that training surgical simulations in virtual reality (VR) would improve operating room efficiency. Objective evaluation of laparoscopic cholecystectomy showed that VR training significantly improved the results compared to the group of residents trained in traditional mode (ST). There were no significant differences in visual-spatial, perceptual, and psychomotor skills between participants randomized to the ST and VR groups when assessed prior to the training phase of the study. After the training, the dissection duration in the group trained with the VR method was 29% shorter than in the ST group, although this difference did not reach statistical significance.

The COVID-19 pandemic is recognized as a main factor to stimulate demand for VR in the healthcare industry, resulting in a various healthcare applications. COVID-19 has forced medical research labs and institutions around the world to shut their doors, halting the progress of many medical trials. The evidence comes from the case study of the collaboration of University of British Columbia and BC Women Hospital and the providers of VR technology from Accenture and Motive.io in 2020. To prevent the virus spread, the companies created the real-life reality training environment to teach and develop healthcare workers how to safely put on and take off personal protective equipment (PPE).[21]

Finally, COVID-19 can be considered as the main trigger for remote training needs for medical staff. Thanks to limiting physical interaction, virtual communication and interaction VR can be a standard for medical educational programs and training techniques. VR technology is still observed and treated as a niche industry. VR is also perceived by academics and professionals as a solution in medical education and appears to be the most prospective method to develop and use by the companies.

21 Retrieved from https://www.accenture.com/ca-en/about/newsroom/company-news-release-accenture-motiveio-ppe-training (accessed: 30.10.2021).

4. Case Description

Due to the nature of the problem, which is the process of business model innovation,[22] the assumptions of qualitative research were adopted. The single case methodology was chosen for the reason and need to investigate the process of business model innovation in both in-depth and comprehensive manner.[23]

The study presented in the paper refers to a technology startup operating on the Czech market. For reasons of confidentiality and anonymity of the company's owners, the name of the company was not provided. The choice of the technology industry, and in fact the application and usage of virtual reality, came about for several reasons. First, ICT is recognized as a sector with enormous impact. Second, virtual technology is regarded as a solution creating opportunities for innovation of business model in terms of creating the benefits (value proposition) to the market. The study focuses on a startup as the business entity that has the greatest potential to create, modify and change its business model. The entire study was based on data in multiple ways. The data obtained came from in-depth interviews with the company founders and medical personnel testing the virtual reality solution, internal company documents, website, and other secondary materials obtained from the company. Primary data source consists in four semi-structured interviews involving two owners and co-founders of the startup and two medical doctors, who tested the solution in their hospitals.

In terms of the owners, the questions and problems discussed refer to the existing policy and business model elements and mechanisms. The further step was to explore their attitudes to the innovation process of BM and showed the main possible changes in the company's strategy to capture, deliver and create value. The point of importance was to obtain the information of the potential in creating the value proposition.

In terms of the medical personnel, the main aim of the interviews was to gain their perspective of the possible usage VR for the trainings and didactic classes for medical students. It was an attempt to get both insights for the potential of using the technology as well to indicate the obstacles in implementing VR in medical educational environment.

The technological startup was founded in 2018 in the Czech Republic and operates in the industry of virtual reality. The company places its business in the trainings, systematics coaching and strategic corporate consulting. The main field

22 L. Massa, C.L. Tucci, *op. cit.*, pp. 420–441.

23 R. Dunford, I. Palmer, J. Benveniste, *Business Model Replication for Early and Rapid Internationalization: The ING Direct Experience*, "Long Range Planning" 2010, vol. 43, no. 5–6, pp. 655–674.

of its specialization is virtual reality. The company provides a wide range of virtual solutions that could be implemented for different purposes and markets.

The firm concentrated on services to the business where VR solution is used within training to enhance soft skills, facilitating feedback meetings, kick-off sessions of business projects, supporting recruitment process and conducting crucial conversations.

They had also the experience of VR usage for the development of hard skills of training participants as onboarding procedures in companies and some processes or activities to be executed by a number of employees.

General strategy of the company is building their business relying on VR as the main value proposition to support the educational system at all levels: from the primary schools up to the university level. All the management people and the team are strongly convinced of the VR value as a critical success factor in facilitating and accelerating learning. Moreover, they expand the market by reaching out to the senior segment. In this case, VR is used to activate and socialize seniors thanks to its capacity.

The company is trying to expand the market by entering the medical sector with VR. The business strategy assumes the development of virtual reality, eyewear software, enabling training for the medical industry (hospitals, universities). Due to the COVID circumstances and the preliminary research the company made, the forthcoming service is mainly tailored to support Intensive Care Units (ICU), by offering a virtual ICU simulator, enabling training for medical staff and medical students by creating the real environment of an ICU ward and restoration of the medical procedure.

The last proposed service is in the incubation stage. The owners of the company are convinced of its strategic importance and treat it as the main direction of the company's activities. Research on both the technological development of the service and its market commercialization is supported by external funding through a grant received by the company from the Ministry of Development of the Czech Republic.

The COVID pandemic has become a business impulse to capture the need for a change from the company perspective. The management is assessing the technological VR environment as the main driver to impact the current company's business model. Moreover, pandemic becomes the motivation for searching for the new market opportunities and ways of delivering the unique value.

5. Findings

The analyzed firm has admitted to developing an expansion strategy to enter foreign markets in a short period of time, and ideally with the highest demand potential for VR solutions. The management due to the pandemic see the significant growth and growing demand for e-learning, certification and professional courses and online content. From the very words of one of the co-founder:

> Our original plan is deployed the Intensive Care Unit segment by providing VR training for the personnel. We have already conducted the preliminary research in the Czech medical universities and showrooms centers. This is how we want to enter the healthcare market. Of course, we realized that our mother market is not enough and we are thinking of expansion on European Union markets.[24]

Based on the application of CAGE analysis, management is looking to develop a business model that will work and bring business benefits in neighboring markets such as Poland and Germany. In this regard, the co-founder stated:

> Our strategic direction is focused on German and Polish markets. We are looking for the business model pattern which is flexible, enables to replicate our value proposition and the strategy can consolidate the general idea of VR usage in the health sector. However, we realized that some legislation and formal factors forced us to differentiate our performance.[25]

The company is looking forward to elaborating the pattern of business model in which implementation of the business ecosystem of partners, and incorporating them into the value creation can benefit of unique offering and delivering the value to the market.

> We have identified several stakeholder groups and elements of our business ecosystem. We grouped them by role in our operations into strategic, operational and tactical partners. This market requires us to understand the operations of both hospitals and their executives, as well as the teachers or trainers themselves.[26]

The company currently is also looking at acquiring a variety of revenue streams and investments. Funding strategy is one of the main elements of the business model shaping and innovating. The company already obtained the funding needed for product development. The management is considering to raise funding for the entering the markets. Both traditional and modern sources of funding are considered. One of the direction is crowdfunding, a type of fundraising on dedicated social networks. This method furthers comprising in return for the future share in the profits from the project after the company achieves the rate of return on capital assumed in the strategy.

The company is convinced of the strategic use of VR for medical staff education offerings in the ICU. However, it realizes that the final offering should be tailored

24 Statements from in-depth interviews with startup co-founders conducted as part of qualitative research.

25 *Ibidem*.

26 *Ibidem*.

to the needs of the users themselves, i.e. the medical staff participating in the VR-based training.

Preliminary interviews conducted with ICU physicians show both the potential for using VR and the limitations indicated by the target customer. From the very words of one of the physicians:

> VR is a solution that would work well for junior doctors and medical staff. I wonder what it would look like. In the ICU, we see very large gaps in terms of the facilities themselves and the infrastructure, these are the places in the hospitals that are least capitalized. So I don't see any chance of purchasing VR technology for training purposes.[27]

The market, represented in this study by medical personnel, dictates the importance of people's own willingness to participate in VR-based training. VR is perceived as a technology for the younger generation. Most of the personnel unfortunately have not been exposed to this technology and hence, perceive it as insufficiently attractive for training forms. At the same time the staff realizes that in the future, this technology will be used on a mass scale. Barriers to technology disappear after the first VR test. Physicians see the greatest use in recreating a virtual environment for simple, repeatable, and standardized medical procedures.

6. Conclusion

The study has got implications for both scientific purpose and practice. The development of a business model is required in the modern marketplace, typically for the fourth industrial revolution, which leads to automation and digitalization of business processes.

The findings show how new firms and startups may effectively innovate their business model. The crucial element of such a change is technology, which is likely to create the unique value. The study showed the BM as a process to create, deliver and capture the value. The main factor underlying the innovation process is technology. It allows entering new markets, increasing attractiveness of the offer and creating new services.

BM modifications also come down to finding new patterns to use. One such approach is to use the business ecosystem pattern. Instead of focusing on traditional linear – oriented organizations, firms can develop the business environment

27 Statements from in-depth interviews with physicians conducted as part of qualitative research.

based on organizational form with a modular architecture consisted of different stakeholders creating the entire value proposition.

An element of BM change may also include seeking alternative sources of revenue. There are many solutions that trace their origins to peer-to-peer mechanisms and social funding. This is a characteristic of start-ups whose activities and field of operation are perceived as having increased risk.

Moreover, the study has brought the significance to the business model innovation in an international setting. The findings can be used for managerial purposes in this context to design appropriate business processes and operations.

Finally, the paper presents the better understanding of VR usage in the educational process with its particular relevance in healthcare sector. VR solutions seem to be the future technology thanks to its functionality, secure technical environment, remote conditions and future market expectations.

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Using of Portfolio Brand Strategy – The Case Study of Łódzki Dom Kultury
Wykorzystanie strategii portfolio marek – przykład Łódzkiego Domu Kultury

Streszczenie. Celem opracowania jest wskazanie użyteczności strategii zarządzania portfolio marek w odniesieniu do organizacji działających w skali lokalnej na rynku usług kulturalnych. Strategia portfolio marek jest standardowo uznawana za użyteczną dla firm produkcyjnych o zasięgu międzynarodowym, które mają w swoim asortymencie liczne linie produktów. Tymczasem specyfika instytucji, jaką jest dom kultury, również pozwala na prowadzenie w jednym miejscu wielu usług opatrzonych odrębnymi markami, z których każda ma własny wizerunek i własne grono nabywców. W opracowaniu wskazano jednocześnie nie tylko na sposób wdrożenia tejże strategii zarządzania marką w Łódzkim Domu Kultury, ale również na potencjalne mocne i słabe strony takiego rozwiązania strategicznego w obszarze współczesnego marketingu.

Słowa kluczowe: zarządzanie marką, portfolio marek, instytucja kultury.

1. Introduction

Modern organization, which wants to maintain or strengthen its competitive position on the market, is forced to choose one of two strategies – either focus on one category of products or services and improve it, or develop its portfolio and offer customers many products, sometimes not related to each other. Whatever

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choice, the goal is to build brand awareness among consumers, effectively position of brand, build own potential and, albeit not always, generate financial benefits. With respect to the cultural institutions of interest in this study, the objectives may also relate to raising awareness of the artistic value of works, bringing the public closer to culture, or developing the organization. However, it should also be taken into account that the possibility of achieving these goals depends on the diversity of the audience.[1] In terms of non-institutional goals, this also corresponds to general cultural policy.[2] Decisions concerning brand portfolio building concern both organizations operating in more competitive sectors (e.g. food or cosmetics) and those where competition is mild, but also dynamically developing (e.g. on the cultural market). A similar dilemma is faced by the Łódzki Dom Kultury, which operates in Łódź. It seems that due to the current fragmentation of the offer of this institution, it is necessary to optimize its brand portfolio. The aim of the article is to analyze the theoretical and practical aspects of management in accordance with the brand portfolio strategy, to indicate the potential benefits and risks associated with it and propose improvements in the functioning of the Łódzki Dom Kultury in the studied area.

2. Strategy of brand portfolio management in the related literature

Among the product development strategies related to brand management decisions, the multi-brand strategy plays an important role. It can be mentioned that a company has a portfolio of brands when it has a corporate brand, but at the same time each of its products or product categories has a separate brand. The strategy based on the brand portfolio boils down to improving the positioning of the company and providing as comprehensive market service as possible through the share of each of the product brands.[3] Conventionally, the development of a brand portfolio is associated with international corporations that offer many different products and product categories and, in order to differentiate between

1 Ł. Wróblewski, *Strategie marketingowe w instytucjach kultury*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2012, p. 66.

2 K. Lewandowska, *Sfera autonomii, sfera biurokracji. Relacje polskich teatrów publicznych i ich organizatorów w perspektywie międzynarodowej*, "Zarządzanie w Kulturze" 2017, vol. 18, no. 3, p. 413.

3 J.-N. Kapferer, *The New Strategic Brand Management*, Kogan Page, London 2008, [after:] M. Midovska, *Implementation of Brand-Portfolio Strategies as a Condition for Competitive Advantage (The Case of Macedonian Companies)*, "Horizons" 2014, vol. 12, no. 169, April, p. 170.

them, give them different brands. Meanwhile, a multi-brand strategy can also be applied to cultural services, especially where an organization offers a wide range of services to different segments of buyers. It can therefore be said that the geographic scope of a company's activities should not determine the choice as to the number of its brands.[4]

With regard to service organizations, the following advantages speak for the application of the multi-brand strategy: the prospect of keeping customers in a situation of weariness of services purchased so far, motivation to improve the offer of internally competing services and minimization of costs, e.g. in the area of promotion.[5] Benefits from the development of the brand portfolio also include the possibility of acquiring new customers and, in the case of manufacturing companies, ensuring proper exposure and space on the shelf and developing cooperation with retailers. On the other hand, the introduction of new products and brands to the offer, even if a corporate brand and other previously owned brands are successful, does not guarantee the market success of the new product. The new brand also requires numerous investments, especially in the early stages of the product life cycle.[6]

4 S.P. Douglas, C.S. Craig, E.J. Nijssen, *Integrating Branding Strategy across Markets: Building International Brand Architecture*, "Journal of International Marketing" 2001, vol. 9 no. 2, pp. 97–114; N. Kumar, *Kill a Brand, Keep a Customer*, "Harvard Business Review" December 2003, pp. 86–95; I. Schuiling, J.-N. Kapferer, *Real Differences between Local and International Brands: Strategic Implications for International Marketers*, "Journal of International Marketing" 2004, vol. 12, no. 4, pp. 97–112; A. Strebinger, *Strategic Brand Concepts and Brand Architecture Strategy – Theoretical Considerations*, AFM – IRG Congress on Branding Proceedings, Paris 2002, pp. 1–17, [after:] C. Chailan, *Brands Portfolios and Competitive Advantage: An Empirical Study*, "Journal of Product and Brand Management" 2008, vol. 17, no. 4, pp. 254–264 (p. 254).

5 D.A. Aaker, *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity*, The Free Press, New York 2004, [after:] P. Kotler, K.L. Keller, *Marketing*, Dom Wydawniczy Rebis, Poznań 2018, pp. 285–286.

6 G. Castellion, S.K. Markham, *Perspective: New Product Failure Rates: Influence of Argumentum ad Populum and Self-interest*, "Journal of Product. Innovation Management" 2013, vol. 30, no. 5, pp. 976–979; R. Chimhundu, L.S. McNeill, R.P. Hamlin, *Manufacturer and Retailer Brands: Is Strategic Coexistence the Norm?*, "Australasian Marketing Journal" 2015, vol. 23, no. 1, pp. 49–60; C.M. Christensen, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fall*, Harvard Business Review Press, Boston 2013; A. Hubner, H. Kuhn, *Retail Category Management: State-of-the-art Review of Quantitative Research and Software Applications in Assortment and Shelf Space Management*, "Omega" 2012, vol. 40, no. 2, pp. 199–209; J.-N. Kapferer, *The New Strategic Brand Management: Advanced Insights and Strategic Thinking*, Kogan Page, London 2012; M. Martos-Partal, *Innovation and the Market Share of Private Labels*, "Journal of Marketing Management" 2012, vol. 28, no. 5–6, pp. 695–715; S.F. Slater, J.J. Mohr, S. Sengupta, *Radical Product Innovation Capability: Literature Review, Synthesis, and Illustrative Research Propositions*, "Journal of Product Innovation Management" 2014, vol. 31, no. 3, pp. 552–566; H. Sorensen, *Inside the Mind of the Shopper*, Pearson Education, Upper Saddle River 2009, [after:] A. Tanusondjaja, M. Nenycz-Thiel, J. Dawes, R. Kennedy,

In the process of brand portfolio management, it is important to ensure that the market is served as comprehensively as possible (by reaching many customer segments) and that internal competition or even brand cannibalization is avoided. It is also necessary to systematically analyze the potential of brands and assess the rationale of their maintenance on the market.[7] In a situation of limited resources faced by each organization, sometimes it is better to limit the number of brands (or stop adding them).[8] It should be remembered that each brand should have its own "place" and "role" in building the competitive advantage of the organization.[9] It will be possible, however, if the brand portfolio management is consistent with the adopted strategy of the whole organization.[10] From the consumer's point of view, an important role in brand portfolio management is also played by creating links between brands (of semantic, symbolic, name or geographical nature and others).[11] Therefore, brand portfolio management requires decision making in three areas:[12]

- Scope – the number of brands and the number of customer segments served;
- Competition between brands in the company's portfolio;
- Positioning in the customers' mind taking into account the quality and price of products.

However, regardless of the number of brands in the portfolio, it is worth taking care to ensure that if each of them is used, the corporate brand should also be appropriately exposed, which should clearly present the business model adopted

Portfolios: Patterns in Brand Penetration, Market Share, and Hero Product Variants, "Journal of Retailing and Consumer Services" 2018, vol. 41, pp. 211–217 (p. 211).

7 J. Trout, *Differentiate or Die: Survival in Our Era of Killer Competition*, John Willey & Sons, New York 2000; K. Ramdas, M.S. Sawhney, *A Cross-Functional Approach to Evaluating Multiple Line Extensions for Assembled Products*, "Management Science" 2001, vol. 47, no. 1, pp. 22–36; N. Kumar, *op. cit.*, pp. 87–95, [after:] P. Kotler, K.L. Keller, *op. cit.*, p. 286.

8 M. Midovska, *op. cit.*, p. 172.

9 N. Dawar, *What Are Brands Good for?*, "MIT Sloan Management Review" 2004, Fall, pp. 31–37; J.-N. Kapferer, *Remarques*, Les Éditions d'Organisation, Paris 2000, [after:] C. Chailan, *op. cit.*, p. 255.

10 M. Midovska, *op. cit.*, p. 172.

11 C.V. Dimofte, R.F. Yalch, *The Mere Association Effect and Brand Evaluation*, "Journal of Consumer Psychology" 2011, vol. 21, no. 1, pp. 24–37; M. Petromilli, D. Morrison, M. Million, *Brand Architecture: Building Brand Portfolio Value*, "Strategy & Leadership" 2002, vol. 30, no. 5, pp. 22–28, [after:] P. Åsberg, *A Dualistic View of Brand Portfolios: The Company's versus the Customers' View*, "Journal of Consumer Marketing" 2018, vol. 35, no. 3, pp. 264–276 (p. 266).

12 A.D. Aaker, *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity*, The Free Press, New York 2004; P.K. Chintagunta, *Heterogeneous Logit Model Implications for Brand Positioning*, "Journal of Marketing Research" 1994, vol. 31, no. 2, pp. 304–311; M. Porter, *Competitive Strategy*, The Free Press, New York 1980, [after:] N.A. Morgan, L.L. Rego, *Brand Portfolio Strategy and Firm Performance*, "Journal of Marketing" 2009, vol. 73, no. 1, pp. 59–74 (p. 60).

by the organization.[13] We can therefore say that the main task of a corporate brand is to improve the coordination of the development of product brands. Meanwhile, the brands in the organization's portfolio can be, after D.A. Aaker divided into: strategic, strengthening, stars, winged, milking cows.[14]

Defining the category to which a given brand can be classified properly allows us to make decisions related to its development and functions in relation to other brands and corporate brands.

3. Łódź cultural market

In 2017 (as of 31.12.2017) in Łódź voivodship there were 512 public libraries, 51 museums and museum branches, 25 cinemas, including 24 permanent cinemas and 3 multiplexes, 10 theatres and music institutions and 203 objects which can be classified as cultural center clubs and common rooms.[15] Therefore, it allows to notice that the inhabitants of the voivodship, also taking into account their voluntary or forced professional mobility, have access to many facilities that offer their cultural services. At the same time, it should not be forgotten that they can also spend their free time on sport, recreation, additional education, spending time at home or with friends (e.g. in catering and entertainment establishments).

In the case of the Łódzki Dom Kultury selected for the analysis, it has to basically compete with both community centers in Łódź (with a multifaceted offer – e.g. district cultural centers) and with more specialized organizations. It seems that this forces the organization, i.e. the Łódzki Dom Kultury, to look strategically at the development of its own offer.

It should not be forgotten, however, that the activity of this cultural center is not determined only by the diversity and a number of competitors. Other significant factors include: an economic situation of the region and society, a demographic structure of the population, access to the latest technologies and the possibility of introducing modernizations as well as changing customer expectations, the possibility of cooperation with external partners, etc. It is also important that the cultural center's activity is not only determined by the diversity and a number of competitors, but also by the economic situation of the region and society, the demographic structure

13 S. Knox, D. Bickerton, *The Six Conventions of Corporate Branding*, "European Journal of Marketing" 2003, vol. 37, no. 7/8, pp. 998–1116, [after:] K.J. Chmielewski, *Rola marki korporacyjnej w portfelu marek*, "Logistyka" 2015, vol. 2, pp. 1160–1165.

14 D.A. Aaker, *op.cit.*, [after:] M. Midovska, *op. cit.*, p. 172.

15 GUS, *Rocznik statystyczny województw 2018*, Główny Urząd Statystyczny, Warszawa 2018, pp. 361–366.

of the population, access to the latest technologies and a possibility of introducing modernizations. A factor of great importance for this and other cultural institutions in the region is also the source of funding, and thus political stability in the region. Like six other cultural institutions, the Łódzki Dom Kultury has the status of a Local Government Cultural Institution, which means that its organizer is the Marshal's Office in Łódź.[16] Therefore, the organizer provides the Łódzki Dom Kultury with, among other things, financial resources. However, they are too small to be able to survive and therefore, it is necessary, e.g. to sell tickets for cultural events or charge for participation in meetings of thematic groups. A similar problem is faced by a big number of institutions in Łódź (27 entities), which are organized by the City Hall of Łódź.[17] Other cultural institutions are private organizations.

4. Case study of the Łódzki Dom Kultury

The Łódzki Dom Kultury is located in the center of Łódź, in close proximity to the Fabryczna Railway and Bus Station, near the major road junctions in the city. For location reasons, it is directly competitive with the philharmonic hall, two theatres and Piotrkowska Street, where a number of restaurants are located. The Łódzki Dom Kultury has been operating since 1953. However, the activities of the center are not limited to providing services to the city's residents or people who come to the center mainly or, among other things, to participate in cultural events organized there. The Łódzki Dom Kultury also organizes events in other localities of the Łódź voivodeship. The offer of this organization includes training courses for persons employed in cultural institutions and other self-government organizations operating in the Łódź voivodeship. However, the geographical scope of activities of this entity is wider, as the Łódzki Dom Kultury engages itself, or in cooperation with other organizations, in projects implemented at least on the scale of several voivodships.[18] As such, the Łódzki Dom Kultury is a corporate brand – it should be stressed that it performs a superior and representative function in relation to all the centers providing specialized cultural services, projects and groups.

The richness of product/service brands can be observed taking into account that they operate in the structures and building of the Łódzki Dom Kultury:

16 Serwis Informacyjny Województwa Łódzkiego, *Samorządowe instytucje kultury*, https://www.lodzkie.pl/kultura/samorzadowe-instytucje-kultury (accessed: 26.01.2019).

17 Urząd Miasta Łodzi – Biuletyn Informacji Publicznej, *Rejestr instytucji kultury*, http://archiwum.bip.uml.lodz.pl/index.php?str=16&id=10552 (accessed: 26.01.2019).

18 Łódzki Dom Kultury, *O nas*, http://www.ldk.lodz.pl/o-nas-t2 (accessed: 26.01.2019).

- Cinemas: Szpulka and Przytulne;
- Galleries: Forum Fotografii, Imaginarium, Galeria Stara, Galeria Nowa, Galeria Kawiarnia;
- Publishers: Kalejdoskop, E-Kalejdoskop, Kwadratura, Kwadraturka, Region Kultury, O Regionie;[19]
- Ośrodek Teatralny ŁDK.

Apart from the indicated areas of activity with product brands, the Łódzki Dom Kultury offers additional activities – related to dance, recreation, sport, painting, theatre, etc. – in order to promote the cultural heritage of the city. Some of them have their own names (e.g. "Peron 323" – in the area of theatrical arts, theatrical workshop "Pod lupą" or "Pracownia 413", which includes workshops related to the improvement of artistic and painting skills), and the part has a brand and a name indicating directly the field (e.g. Fitness, Social Dance Course or Tai Chi and Qi Gong). The Łódzki Dom Kultury also organizes a number of projects which do not include the name of the center in their name or contain the name of the center.[20]

5. Strategic problem of the Łódzki Dom Kultury and a proposal of solutions

Based on the analysis of the development of the cultural market, both on a national and local scale, and the identification of the areas of activity of the Łódzki Dom Kultury, it can be concluded that the institution is currently struggling with the problem of excessive dispersion and internal diversification of its brand portfolio, and it should seek methods to optimize the structure of its brand portfolio.

It can be noted that the following arguments speak in favor of the currently implemented strategy of managing the extended brand portfolio in the Łódzki Dom Kultury:

- the willingness to reach out to diverse customer segments;
- willingness to implement cultural education and disseminate culture among the inhabitants of Łódź and its surroundings, regardless of their material status and living situation;
- striving to diversify the offer to make it attractive to any buyer;

19 Serwis Informacyjny Województwa Łódzkiego, https://www.lodzkie.pl/kultura/samorzadowe-instytucje-kultury/lodzki-dom-kultury (accessed: 25.06.2019).

20 Łódzki Dom Kultury, http://www.ldk.lodz.pl/ (accessed: 26.01.2016).

- possible aspiration to build the image of a flagship cultural center on the scale of Łódź and surrounding towns (despite the existence of e.g. district cultural centers);
- striving to promote high and medium culture at the same time;
- enabling active, not only passive participation in culture.

Management of the extended portfolio of brands of the Łódzki Dom Kultury may be justified from the point of view of public administration and the organization itself, as it contributes to building the image of the city of Łódź, its cultural resources, as well as due to the fact that the institution is classified as a group of cultural institutions and centers, it does not impose any restrictions as to the areas of activity. The current structure of the brand portfolio also shows the dynamic development of this cultural institution, its versatility and strategic potential.

The arguments set out above are undeniably valid. However, taking into account the economic situation of a public entity such as the Łódzki Dom Kultury and the difficulty of managing so many product categories and responding to the expectations of many target customer segments, one should be aware of the risk of such a high fragmentation of the internal structure of the brand portfolio. This risk concerns in particular:

- blurring the image of the corporate brand of the Łódzki Dom Kultury;
- stimulating excessive expectations of customers in relation to the ability to satisfy them;
- existence of mutual cannibalization between brands within the same service category (e.g. between cinemas or galleries);
- problems with implementation of effective marketing communication, especially with regard to the use of modern Internet promotion tools;
- difficult coordination and management of the entire center at the highest level of an entity's director;
- lack of legibility of the offer for active and passive participants in cultural activities (for group participants and spectators);
- reducing an ability of individual service brands to compete with external competitors.

Taking into account the above advantages and disadvantages of the current extensive brand portfolio of the Łódzki Dom Kultury, it is possible to offer this cultural institution a grouping of the offered cultural services. This will mean that each of the types of services will be given a single brand, assuming that their internal differentiation will be maintained and possibly developed. Therefore, the following groups of services can be proposed:

- cinema – cinema consisting of two present rooms;
- related to the exhibition of works and their creation – a gallery consisting of several exhibitions (permanent or temporary) together with the organization of painting or other workshops related to the exhibition of works;

- theatrical – connections between the current theatre center and theatre workshops;
- dance – merging existing dance groups and groups within one dance center;
- recreational and sporting activities – a common center with an offer of various current sports activities, related to relaxation, etc.

In addition to the categories mentioned above, a joint publication can and should be operated, offering printed and electronic publications.

The division described above would lead to the creation of five centers and a publishing house. After implementing such changes, it would also be necessary to decide whether the names of the centers are to include a reference to the corporate brand name (ŁDK), whether a new name should be created for a given center (which does not currently exist), or whether it is possible to choose one of the current names of service groups. For example, a cinema center could have a name: "Kino ŁDK" or "Kino Szpulka" or "Kino Przytulne" or another new name.

The introduction of the above solutions would primarily result in greater integration of the current thematic centers (within the new centers), facilitation of management of the cultural institution as a whole, as well as support for building a clearer image of the Łódzki Dom Kultury and associations with this brand. At the same time, it would not eliminate the opportunities indicated earlier resulting from arguments concerning the current fragmentation and diversification of the offer.

The division into five cultural centers and a publishing house would also require the modification of promotion tools or their introduction in a new, coherent and integrated form. For example, on the website of the Łódzki Dom Kultury or in information brochures, service sections should be clearly separated (e.g. with different bookmark colors) and all the organizations and groups that make up them should be indicated. Introducing a new brand structure would also require reorganizing the profile of the Łódzki Dom Kultury in social media, so that the division into types of services would be visible to customers and potential participants of the events. A profile may also be considered for individual centers (e.g. on Facebook), but due to the organization's budget constraints and time requirements related to social media activity it is not necessary. The introduction of new and structured promotion tools would facilitate the search for information for people interested in only one area of services or those who would like to get acquainted with the offer of the whole Łódzki Dom Kultury quite quickly without any targeted interests.

Apart from the transparency of the offer and the facilitation of the current management of the institution, the division would facilitate strategic analyses (e.g. SWOT design for individual service centers or designing partial strategies in line with the ŁDK strategy as a whole) and evaluation of center brands divided into the aforementioned strategic and strengthening brands, stars, winged brands and milking cows. Moreover, if new ideas for detailed types of services (e.g. dance skills training of a given type) are developed, decisions concerning the development of product lines or other decisions related to the development of a given brand will be easier to implement.

At the same time, if ŁDK makes decisions related to maintaining or liquidating services within given centers (assuming that it is not necessary to liquidate centers as a whole), it may be guided by the criteria of the current competitive position of a given service, its estimated growth potential (based on the estimated number of customers and its future changes) and the so-called "brand caliber", i.e. the legitimacy of incurring investment expenditures for a given service in the marketing sense.[21]

6. Conclusion

Analysis of the benefits and risks associated with managing a broadly developed portfolio of brands and the development of competition on the local cultural market in Łódź leads to the conclusion that in the situation of a limited budget of the Łódzki Dom Kultury and noticeable directions of strategic activities, there is a strong need to optimize its portfolio of service brands. The cultural institution currently under analysis offers its customers cinema services, galleries, theatre services, dance courses, numerous sports and recreation services, as well as paper and electronic publications. Such a solution allows to serve many target groups and meet the expectations of different stakeholders at the same time, but it can also lead to blurring of the image of the organization and a decrease in awareness of the existence of individual brands. In this situation, it has been proposed to reorganize the portfolio of brands by introducing cultural centers under a common brand (while maintaining the existing services and thematic groups). This may facilitate the day-to-day management of the Łódzki Dom Kultury, analyzing the effectiveness and efficiency of actions taken, as well as making decisions related to the development of service brands and the corporate brand of a cultural center.

21 N. Kumar, *Marketing as Strategy – Understanding the CEO's Agenda for Driving Growth and Innovation*, Harvard Business School Press, Boston 2004, pp. 168–170, [after:] J. Kall, M. Hajdas, *Zarządzanie portfelem marek*, Wolters Kluwer, Warszawa 2010, p. 96.

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Jacek Dąbrowski*

Use of Digital Marketing Tools in Companies from the Financial Sector in the Era of COVID-19 Pandemic

Wykorzystanie narzędzi marketingu cyfrowego w firmach z sektora finansowego w dobie pandemii COVID-19

Streszczenie. Celem opracowania jest zaprezentowanie możliwości wykorzystania nowoczesnych technologii w działaniach promocyjnych banków w Polsce. Problematyka ta nabrała szczególnego znaczenia w czasach pandemii COVID-19. Już wcześniej można było zaobserwować u konsumentów zwiększoną otwartość na komunikację marketingową obejmującą wykorzystanie nowoczesnych technologii i Internetu, ale pandemia wywołała potrzebę ograniczenia bezpośrednich kontaktów z klientami, a co za tym idzie – wzmożenia takich działań w Internecie. W opracowaniu przywołano przykłady cyfrowych narzędzi komunikacji marketingowej, które są wykorzystywane przez banki funkcjonujące w Polsce.

Słowa kluczowe: cyfrowe narzędzia komunikacji, Internet, komunikacja marketingowa, sektor bankowy.

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1. Introduction

COVID-19 virus has contributed to the collapse and bankruptcy of many companies. One of the sectors which was most affected by the pandemic time is the area of enterprises from the financial sector. Its characteristics are associated with strictly conditioned inspections by two authorities – Supreme Chamber of Control of the Republic of Poland and the public health inspection. In March 2020, financial companies lost income liquidity due to the imposed restrictions and the inability to operate in stationary B2B mode. This aspect had a big impact in a constant struggle not only to gain a potential customer, but also to survive in the market. Companies not only had to reconstruct their plans for the whole year related to lead generation, but also needed to change their marketing policy with a complete reorganization of their budget. Many companies were forced to set up special crisis staffs, which were aimed at constant monitoring of their activities along with their daily optimization, adapting to the restrictions imposed on companies. How did companies deal with the new model of functioning and what affects their effectiveness nowadays? The answer is unequivocal. Technology and the digital channel came to rescue them, which from year to year has become an integral part of the life of companies in times of pandemic.

2. Beginning of the pandemic across financial sector

March 2020 was the beginning of problems for many companies. This time in Poland, the first wave of the Coronavirus pandemic began, which induced huge uncertainty for everyone. Nobody expected what consequences the spreading virus could have. It was a period of trial for both – the ruling Government and companies from every sector of the economy, which had to start functioning in a changed reality and under certain restrictions. One of the sectors that was highly tested was the one related to finance. The work of such institutions is mainly associated with interpersonal contact, which in given circumstances was forcibly limited to prevent further spread of the disease. Suddenly, management departments and managers of such institutions were on alarm and were obliged to take appropriate steps and plan a long-term scenario of activities for the company. Immediately, decisions were stated on the appointment of crisis staffs and the assignment of appropriate people to constantly monitor the situation in the country and on the entire market of companies from this sector. Everyday reality of traditional customer acquisition had to be fully reorganized and transferred to the digital channel. Then, digital marketing tools turned out to offer a helping hand, which largely contributed to maintaining stable revenues of companies. Many people speculated that the traditional form of "Lead generation" will not bring the desired results, however, who would doubt the invisible power of the Internet?

3. Most common earlier forms of advertising for financial sector companies

Enterprises from the financial sector most often refer to tradition or to modern times. By choosing a specific type of marketing message this has a very strong impact on the image of a given unit. Nowadays, it can be identified that such companies effectively use both of these solutions depending on what the target group is for a given product. It is due to the fact that a very wide portfolio of proposed services effectively responds to the needs of customers of a given market. At the beginning of 2000, a very large number of companies promoted their activities in a traditional way, indicated their stable activity, emphasized that they were a trustworthy and recommendable entity. They communicated slogans indicating that company would take care of the savings invested by customers. Such an advertising model overlaps the assumption of the time and most often brings a very attractive effect for bank units. However, at some point, the global financial crisis contributed to a loss of public confidence in banking units. Analyzing contemporary publications, it should be stated that a relatively large group of such companies build its own image based on several years' experience. In many cases, advertising spots of banks show family values, stability, security and the future. Other banks often want to build a relationship with the customer.[1] In the financial sector, we can observe a very wide development of modern solutions based on the range of technologies. Most crucial aspect nowadays is to take care of customer comfort and needs. That is why banks advertisements include slogans such as: "You set your loan installment", "Loan tailored exactly to your needs". Thanks to such a type of communication, the customer imagines that the product they have purchased is the best product to meet their needs. Unfortunately, this is often not the case. A very important aspect in the advertisements communicated by banks is to choose a right person who will promote the services of a given bank with their personality. It is possible

1 M. Błażej (ed.), *Monitoring of Banks 2012*, Główny Urząd Statystyczny, Warszawa 2013, pp. 40–44.

to distinguish different types of people who have played a role of the promoter of a particular unit. Famous people from the front pages of magazines, well-known people from the media who are specialists in the field of finance, customers who are satisfied with the services of a given bank, characters specially designed for the purpose of advertisement. Choosing the right person for the purpose of effective promotion of a given product is the most important element that effectively builds the image of a given brand. The main goal of every bank is to be efficiently distinguished with an offer on the highly saturated market of banking services. That is why we can nowadays identify various forms of advertising – even specially invented anime characters who are supposed to be remembered by customers with their originality. It is also worth mentioning that advertising spots are using titled athletes, actors, vocalists. This aspect makes advertising message become even more attractive to the recipients and makes the target groups pay much more attention to such a spot than to the competitor's one where nothing original and no one famous appears. However, it should be kept in mind that the involvement of a celebrity is always associated with a certain image risk. Moral scandals concerning a given well-known person can negatively affects the bank's reputation. Taking into account the high competition and a variety of likeable products, banks have to fight for the good of the customer using various techniques and marketing tools. In 2016, Bank Zachodni WBK SA launched an advertising campaign that was supported by the Polish football team at the European Championships. Marketing communication consisted in uniting Polish fans, building an identity that they play together in one team. Marketers supposed that viewers should gain great conviction and sympathy for Bank Zachodni, which was known as a friendly bank and open to every new and regular customer. According to the published data, the concept of advertising had a very positive impact on the implementation of Bank Zachodni's sales goals. Many experts stated that Bank Zachodni has become an authority in the area of advertising in the context of skillful use of potential of a sports event in Poland, where the Polish national team participates. This was very important considering fact that at that time the Polish team was achieving satisfactory results on the arena of international meetings.

The most crucial intermediary channels which help advertising messages reach customers are:

- Internet;
- social media;
- the entity's website;
- radio;
- television;
- advertising banners;
- leaflets;
- mobile advertising.

Nowadays, promotion of all products via Internet is very popular among customers. Today's clients are more and more demanding. They exert pressure to introduce new technological solutions that make it easier to carry out banking operations from home. Some institutions such as mBank S.A. closely follow demands of their clients for technical innovations and give them an opportunity, for example, to take a loan with an automatic decision of the bank to grant financing up to ten minutes. They also focus on the usability of their application in the form of fingerprint login. Customers want to be in constant communication with the bank, they want to quickly receive information about promotions, they want to quickly check the current account balance or their history of operations. That is why banks allocate a large amount of funds to advertise via Internet. Every day, banks distribute a very large number of messages to mobile phones, e-mail using not only their applications. The dynamic development of banks promotional campaigns is particularly strong in social networks. Nowadays, we identify a significant decrease in advertising broadcast on television, but this medium is still very attractive to banks. The most attractive time to broadcast ads on television is the interval between the morning and evening. Banks continue to broadcast their advertising spots using verbal jokes, inviting well-known personalities from the public life to their spots. An example of such a spot is an advertisement of PKO BP SA with Szymon Majewski. On the other hand, on the radio it is very important in advertising to use a characteristic, well-associated voice that inspires trust and peace. The best example is a recognizable voice of Marek Kondrat, who has been an icon of ING Bank Śląski for many years. Nowadays, sponsored articles are also often used and they appear in a form of professional text containing colorful graphics or logotypes to build the brand image. According to the research conducted by Mikoo.pl, advertisements related to leaflet delivery by throwing them into outdoor mailboxes have lost their most intensive importance. Materials distributed to mailboxes, instead of providing relevant information, most often irritated recipients and were frequently quickly thrown into a garbage can.

4. Description and use of digital marketing tools

We live in times of pandemic, the traditional form of advertising has had to be partially replaced by digital channels. Digital marketing tools were particularly used to perform this function. Many people at this point are wondering – what exactly are they? Digital marketing tools mean primarily an ability to implement campaigns with small budget resources. Many companies cannot afford extensive marketing of so-called "outdoor" activities, which would bring them the expected benefits.

The most popular tools include:
- positioning and optimization of websites;
- Google Ads (SEM) campaigns;
- Social Media Marketing;
- Landing Pages;
- web analytics;
- content marketing;
- email marketing;
- Link Building.

By using paid positioning (SEM and SEO), we can easily show our website and its subpages in the highest place at the Google list. The digital channel is constantly being developed and everything strives for the constant digitization of resources. Before buying or using the services of a given company, a digital customer will usually first check reviews on the Internet, and then will focus their attention on the first four searches on Google, which is why constant optimization and positioning of the website is so important. The best example is mFinanse S.A. from the mBank Group, which constantly monitors changes in the opening hours of its branches in Google business cards. Actions like this affect better user conversion and increases page scope. Organic positioning is influenced by activities such as management of Google My Business cards, which allows e.g. for navigation to the facility, or opinions issued by customers who have used the company's services. All actions are analyzed by Google's algorithms, which are based on our actions. The algorithm is positioning our business card higher or lower in the search list depending on the results. Paid positioning includes all kinds of paid advertising campaigns that are based on previously selected keywords, which correspond to the monetary rates allocated to them. Not always a larger budget put on the campaign helps to achieve better results of the campaign. The most important indicators measuring the results of the campaign are: CPC (cost per click), CPL (cost per lead), CR (Conversion Rate), CTR (click through ratio), display, range, clicks on your ad.

One of the most frequently chosen methods of advertising is Social Media. It is a channel addressed mainly to young people who, on average, spend several hours a day browsing their Social Media. Companies from the financial sector also take advantage of this opportunity. On their official profiles, they conduct PR activities and build brand image in the form of publishing specialist posts for their industry. Both Facebook and Instagram give their users an opportunity to set up paid advertising campaigns, which are another source of the lead generation process. Very often, publication of posts is informative and educational. Social Media currently give us the opportunity to view statistics on previously published content on our profile. Each company has an ability to sponsor its entries to increase scopes and views. Such treatments combined with the creation of integrated forms or chatbots make it one of the best converting forms of advertising. Currently, most companies in the financial sector are using above-mentioned Social Media functions. mFinanse S.A. has a built-in bot in Messenger with a very wide spectrum of activity. Users have an opportunity to calculate loan installment or credit worthiness, which is automatically converted by the built-in calculator. An additional advantage of the robot is the ability to arrange a meeting with a financial expert in a concrete facility or use a frequently asked questions tab.

The question arises what if we use all abovementioned forms of advertising, and the number of generated leads is still not very satisfying. Companies from the financial sector use Landing Pages. What are they? Colloquially speaking, LP's are pages created on the same domain as the home page of a given company, but focused only on lead generation process. Their construction focuses on professional graphics, which refers to currently promoted product, on which a centrally encouraging slogan is located. Short contact form usually is located on the right side of the graphic and call to action button and the benefits are listed below. Sometimes companies from the financial industry place so-called "proof of experience", which contains listing of partners with whom the described company has cooperated. A mandatory aspect are also legal notices that allow for collection of personal data. A tool such as a Landing Page enables companies from the financial sector to promote the product or service they care about the most. So why shouldn't companies do the same on the homepage? The answer is simple – to focus their customer's attention. By allocating a specific budget to the Campaign on the Landing Page, the company focuses the attention of potential consumers only on what they want to offer to them. Such websites do not contain any distractions, and their goal is to finally acquire a new interested party while expanding the customer base. As you can easily see, the Landing Page is created using the popular AIDA Model.[2] The best example of a well-converting LP is the website of ING Bank Śląski. It contains no distractions at the very top of the page, a specific division into sections and a call-to-action button above the footer. Offers are displayed in tiles, which means that the company has saved a lot of space, and a QR code has been attached to it, which allows for a quick registration path.

You are probably wondering what the importance of running a blog is (Content marketing activities). Well, most companies from the financial sector run their individual blogs, their purpose is to provide substantive knowledge for potential clients. It is a tool that is not only informative, but also aims at acquiring a new consumer (Lead generation). Individual forms are prepared for prepared content, which must be approved by product departments, thanks to which at each stage of reading the material, the user has an opportunity to use the service. Materials published in blogs are previously analyzed in terms of current trends on the market,

2 Encyclopedia of Management – AIDA Model, https://mfiles.pl/pl/index.php/Model_AIDA (accessed: 31.10.2021).

popular key phrases a company wants to position itself. Right after advertising in Social Media and paid campaigns on the internet, blogging is the second most important digital marketing tool that does not require large financial outlays. An example of a company that places great emphasis on content marketing activities is mBank S.A., which provides its clients with substantive content on banking, finance and current trends. They have a very extensive blog divided into several segments, which has been educating and directing their clients for years.

There are two types of content marketing: creating traditional blog texts and creating link building texts. What is the difference between them? This is a key aspect. Companies setting up a new website are perceived as "new players" in the eyes of algorithms. To be reliable, a website must have its value, which will be confirmed by a number of external links that are published on other specialized portals. The calculation is simple, the more external links directing to the site, the more reliable it is "in the eyes" of algorithms. When writing link building texts, companies focus on keywords they are positioning themselves for. The previously mentioned algorithms will position our website higher in searches if its DR (Domain Rating) is higher. The DR indicator is a value from 0 to 100, if there is a higher value of the indicator, the higher authority of our domain is and it is also better perceived by algorithms. All we have to do is to buy a place on a specific website and publish our entry with links directing to our website. This way, we generate a better brand image and create the market value of the company among new consumers.

In digital marketing, it is also worth paying attention to e-mail marketing. Nowadays, it is a very popular form of advertising that we encounter every day. E-mail marketing focuses on the full use of functionality and possibilities offered by e-mail. The most important tasks of e-mail marketing definitely includes communication with target groups by sending e-mails, creating and constantly expanding the address database, developing materials attractive from the recipient's point of view, and finally encouraging them to take advantage of the offer proposed by a given company. An added value is the fact that email sharing is an inexpensive and relatively easy way to promote. When running email marketing campaigns, there are a few things to keep in mind. The most important example at this point is sending unwanted messages – SPAM. Email campaigns should be meticulously prepared and planned over time. Messages should be sent to specific e-mail addresses expressing content for commercial correspondence. Otherwise, instead of building trust, we can discourage customers by causing their irritation, which may change the perception of a given company.

It is worth remembering about:[3]

- updating the mailing database;
- not using words that may cause the e-mail go to SPAM;

3 A. Kumar, M. Kumar Dash, *Fuzzy Optimization and Multi-Criteria Decision Making in Digital Marketing*, IGI Global, Hershey 2015, p. 15.

- before sending the designed message, it is worth sending it in advance to well-known e-mail operators such as Gmail – for the purpose of checking whether the message will not go to the SPAM inbox;
- if the message is moved to the SPAM mailbox, it should be modified and checked again; companies should ensure that the deliverability of e-mails is at a high level. It is also important to generate similar traffic in the context of messages sent from one specific IP address. A large amount of sent messages may result in being blocked on the server or our IP address can also be blacklisted.

5. Conclusion

The development of modern information technologies and communication and information techniques gives us various benefits. Due to the fact that they are increasingly used and are the basic entity in the design of strategic campaigns, one can safely deduce their essence. In many cases, these activities are based on digital marketing tools that are consistent with each other. It provides interactive, fast transfer of information, highly specific adaptation of content and broadcasting of personalized messages. Digital marketing tools more effectively identify the expectations and needs that are demonstrated by various and very diverse groups of recipients. Many times ideas of innovation, proposals for changes that are communicated by consumers in posts published on the Internet are very important. It is worth noting that the growing importance of digital marketing tools is reflected in the amount of materials promoted in social media. They strongly affect an increase in the level of value that is offered to the buyer. Nowadays, companies from the financial sector put a very strong emphasis on the area of lead generation, which enables them to constantly acquire customers. It can be unjustifiably pointed out that the most contributing to the maintenance of companies from the financial sector were interactive forms and Landing Pages which, combined with Google AdWords, made it possible for enterprises to easily acquire customers in a completely changed work environment. The aspect which helped them to survive in a new environment was the hybrid use of digital marketing tools.

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CSR as an Element of a Marketing Strategy – The Example of IKEA
CSR jako element strategii marketingowej na przykładzie IKEA

Streszczenie. Celem artykułu jest wyjaśnienie istoty koncepcji CSR i zasadności jej praktycznego wdrażania przez duże przedsiębiorstwa, istoty społecznej odpowiedzialności biznesu w budowaniu wizerunku firmy i w procesie zaopatrzenia oraz prezentacja praktycznych rozwiązań zastosowania CSR w przestrzeni marketingowej. IKEA nie tylko dba o swój wizerunek poprzez różnorodne działania na rzecz CSR, ale także wykorzystuje strategie CRM w kontekście marketingu. Strategie te wykorzystywane są nie tylko do pozyskiwania nowych klientów, ale również do budowania trwałych relacji biznesowych opartych na wzajemnym zaufaniu i wspólnych wartościach.

Słowa kluczowe: społeczna odpowiedzialność biznesu (CSR), marketing społeczny, cause related marketing, wizerunek, komunikacja marketingowa.

1. Introduction

The conditions for the functioning of companies in the modern world are constantly evolving, which in turn is reflected in the increasingly new financial, organizational and marketing management strategies adopted by enterprises. The incredible speed of information flow using new technologies in the modern, increasingly globalized world determines many changes in the way companies

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compete. Competitiveness between companies is increasing, and those that want not only to survive in the modern market, but to achieve market success, apply more and more innovative marketing strategies, using the latest technological solutions and properly responding to market needs. In order to achieve the intended goals, companies use various measures aimed at convincing the customer to the products and services they offer in order to later establish and maintain a relationship with the customer ensuring mutual benefits.

Customers are becoming increasingly aware of the dangers of a consumerist lifestyle and the associated environmental and social risks. Being aware of the need to care for the environment, as well as aware of many negative social phenomena and abuses occurring in the production process, customers are more and more willing to use products or services of companies operating in accordance with the laws of sustainable development. Companies that operate socially are better perceived by both their consumers and other business partners. In response to this, many companies use socially engaged marketing, in which the company's environmental or social activities play a significant role.

Strategies in the field of corporate social responsibility that are implemented by enterprises not only play a role in building the company's image on the market but also serve the purpose of marketing communication with clients who become involved in the undertaken activities. IKEA is an example of a company that implements many CSR activities both internationally and locally. Co-creating value with the customer by implementing numerous simplifications in the production and distribution process of the products offered by IKEA is one of the many activities that the organization has taken in connection with the enforcement of the principle of sustainable development. Numerous CSR programs and projects gave IKEA the reputation of an authority for other companies in terms of implementation of CSR practices.

2. The concept and the essence of CSR in business management

The idea of sustainable development has been shaped since the 1970s in response to the growing social, economic and environmental problems in the world. Too fast exploitation of natural resources, progressive environmental pollution, difficult living conditions for many people, all social problems related to the lack of respect for human rights, poverty, hunger in less developed countries, uncontrolled demographic and urbanization processes occurring at regional levels, such as social exploitation and many other problems in the socio-economic area were the premise for the development of a global strategy to counteract these threats. According to the norms and documents of the United Nations:

> Sustainable development of the Earth is development that meets the basic needs of all people and preserves, protects and restores the health and integrity of the Earth's ecosystem, without endangering the ability to meet the needs of future generations and without exceeding the long-term limits of the Earth's ecosystem capacity.[1]

During the conference in 1992 in Rio de Janeiro, called the Earth Summit 1992/ United Nations Conference on Environment and Development, UNCED, in which 172 governments and non-governmental organizations participated, important documents were adopted and they contained the fundamental principles of socio-economic policy, with particular emphasis on environmental protection. In later years, other events of a similar nature took place, including The World Summit on Sustainable Development, WSSD in Johannesburg in 2002. At that time, five key areas for rational and sustainable management of natural energy, issues related to water supply and sanitation, issues related to health as well as agriculture and biodiversity were defined.

Subsequent large events of this type, e.g. in 2012 in Rio de Janeiro, in 2018 in Katowice and 2019 in Madrid, contributed to the extension of the idea of sustainable development to other areas of life, and were a driving factor to take action to protect the climate and the natural environment. Among the new challenges there were issues related to: Trade and Green Economy Options for Strengthening IFSD: Peer Review, FSD: Issues related to an intergovernmental body on SD, Oceans, Sustainable Cities, Current Ideas on Sustainable Development Goals and Indicators, Green Jobs and Social Inclusion, Reducing Disaster Risk and Building Resilience, Food Security and Sustainable Agriculture, regional, national and local level governance for sustainable development.[2]

In 2019, the analysis of documents such as the Global Risk Report, which is prepared annually by the World Economic Forum, showed that problems related to environmental degradation (high greenhouse gas emissions, climate warming and forest protection) are the biggest problem, resulting from the increase in the population on earth and hence more production of goods and services. It was found that cooperatives and social business stimulate sustainable development. The concept of CSR from Customer Social Responsibility has started to function in business, which is based on the idea of sustainable development. For the first time,

1 https://www.ekologia.pl/wiedza/slowniki/leksykon-ekologii-i-ochrony-srodowiska/zrownowazony-rozwoj (accessed: 12.06.2019).

2 https://www.unesco.pl/rio-20/ (accessed: 12.06.2019).

the problem of CSR was described on a large scale by Andrew Carnegie.[3] Sustainable development can be called a modern strategy of socio-economic development, and above all, the basis for responsible business in the modern world.[4]

Corporate Social Responsibility is a corporate management strategy that takes into account the company's voluntary actions for the benefit of society and the environment, aims at sustainable development, contributes to the prosperity and health of society and assumes building positive relations with various groups of stakeholders, in particular with employees.[5]

A socially responsible organization is one that invests in human resources, environmental protection, and shapes positive relations with the company's environment and cooperates with them on social and environmental issues, as well as provides reliable information on the activities carried out.[6] According to the ISO 26000 standard, corporate social responsibility covers such areas as: organizational governance, human rights, labor relations, the environment, fair market practices, relations with consumers, social commitment.[7]

Enterprises engaging in corporate social responsibility have many tools at their disposal to help them achieve their goals.

Table 8. Application of CSR tools in practice

Application of CSR tools in practice	
CSR tools	**Possibilities of applying CSR in practice**
1	2
Social campaigns	Enterprises can use the media to shape consumers' attitudes towards an existing social problem. Social campaigns make it possible to inform the public about the activities carried out on a large scale and motivate consumers to participate in pro-environmental and pro-ecological activities. Part of the profits from the sale of certain products of the company is a fund for the implementation of projects for the benefit of society or the environment. In order for this CSR tool to also achieve the company's marketing goals, the theme of the campaign should be more related to the company's operations.

3 https://poradnikprzedsiebiorcy.pl/-csr-wplyw-spolecznej-odpowiedzialnosci-biznesu-na-rozwoj-przedsiebiorstwa (accessed: 12.06.2019).

4 https://pl.wikipedia.org/wiki/Szczyt_Ziemi_2002 (accessed: 12.06.2019).

5 M. Szewczyk, *Odpowiedzialny marketing, czyli marketing społecznie zaangażowany*, "Gospodarka w Praktyce i Teorii" 2017, vol. 47(2), pp. 77–88.

6 *Ibidem*; Fabryka Komunikacji Społecznej, *Cause Related Marketing: wprowadzenie i definicje*, http://marketingspoleczny.pl/artykul.php?id_artykul=261 (accessed: 31.07.2016).

7 https://www.karierawfinansach.pl/baza-wiedzy/slownik-pojec/csr-co-to-znaczy-csr (accessed: 12.06.2019).

1	2
Social reports	The preparation of reports is a valuable source of feedback both for the company on the effectiveness of its activities and for external stakeholders. The published reports are a way of presenting the CSR strategy adopted by the company to external entities as well as the activities that have been implemented as part of this strategy. In these publications, companies can clearly demonstrate the reliability and effectiveness of actions over time. They are usually published annually and contain statements about the CSR policy, goals and strategies developed as well as detailed results of analyzes of individual activities.
Management systems (operational, supply chain)	This method of implementing the CSR policy concerns the way of managing the enterprise in the most transparent and optimal way, compliant with the principles of corporate governance. Examples of management systems under CSR may include Quality Management System ISO 9000 (quality management system), Environmental Management System ISO 14000 (environmental management system), Social Accountability SA 8000 (social responsibility management). Rational and optimal management of the supply chain allows you to eliminate the waste of resources and unnecessary energy consumption. Simplifying each of the stages of delivery and implementing appropriate standards create conditions for rational and sustainable management of resources.
Marking of products	Marking products with ecological or social labels is to inform the customer about the specificity of a given product, e.g. whether it is safe for health, ecological, biodegradable. Product labeling helps conscious consumers to easily recognize which product is ecological among those available on the market.
Employee programs	Corporate social responsibility means special care for the company's employees. CSR strategies may include employee development support programs, various competency training, integration programs, equalization projects and educational projects on sustainable living. As part of CSR, companies can implement projects to equalize opportunities in the career development of employees, support for disabled employees or people over 50. Many companies enable employees to participate in CSR activities through employee volunteering or by enabling them to engage in pro-social activities for a certain period of time, implementing flexible working hours, additional medical care, developing principles of culture and health and safety at work, social benefits.
Pro-ecological activities	Undertaking all initiatives supporting the natural environment as part of the environmental policy. Rational management of natural resources in the production of goods and services, the use of renewable energy sources and economical use of energy during production, waste segregation, implementation of modern ecological production processes, reduction of pollutant emissions and greenhouse gases.

Table 8 (cont.)

1	2
Activities for the local community	As part of corporate social responsibility, companies can implement pro-social projects at the local level, cooperating with the local community, non-governmental organizations and local social organizations, engaging in local investments for the benefit of society. Activities include supporting local institutions, solving local social problems, supporting children and young people, local ecological activities or assistance in local investments.

Source: Own study based on: http://odpowiedzialnybiznes.pl/hasla-encyklopedii/spoleczna-odpowiedzialnosc-biznesu-csr/ (accessed: 12.06.2019).

It is the combination of CSR activities with marketing that can serve the natural environment and counteract many negative social phenomena. In the marketing context, the CSR concept emphasizes activities aimed at the welfare of consumers, their fair and equal treatment, respecting consumer rights, reliable information and advertising ethics. Through marketing activities, companies educate consumers about the necessity to use products that are ecological, can be easily recycled, the production of which does not require too much use of raw materials and enables rational energy management.

3. Cause-related marketing and building the company's image on the market and co-creating value with the customers

In the context of the changes taking place in the world, international entrepreneurs play a special role, because they, as producers and service providers, have a significant impact on the environment. More and more companies, when developing strategies of action, determine their own actions in the field of corporate social responsibility.

Planning marketing strategies in a manner responsible for sustainable development is becoming a challenge for many companies. An example would be socially engaged marketing. Socially involved marketing, cause-related marketing (CRM) corresponds to both the interests of the company and the interests of society.

As noted by P. Kotler,[8] the idea of social marketing assumes such activities of enterprises that are oriented at meeting the needs of consumers and market

8 P. Kotler, *Marketing*, Dom Wydawniczy Rebis, Poznań 2015.

customers while increasing the welfare of society, taking into account all ethical principles. In addition to increasing the company's profit and meeting customer expectations, the goal of social marketing is to care for the social interest. Social marketing includes a number of activities promoting positive pro-social and pro-environmental attitudes, including using a social campaign and social advertising. Social marketing conducted by companies takes into account, apart from the company's interests, the interests of non-governmental organizations that are responsible for solving various social problems. The company's openness to all pro-social activities and inviting social organizations and other external stakeholders to consultations in the field of consultations on implemented projects is welcomed in the eyes of an increasing number of informed consumers, and it undoubtedly improves the company's image on the market. Obviously, this also translates into increased interest on the part of investors. Large business organizations pay increasing attention to whether the company operates in a transparent and socially responsible manner.[9]

Well-designed social marketing activities can result in business benefits in the form of acquiring new clients and contractors. Companies engaging in CSR activities benefit also in the eyes of conscious consumers, for whom the environment and helping others are important. CSR activities may also turn out to be the key to building lasting and long-term relationships with clients based on trust and the pursuit of common goals. Often, conscious clients want to contribute to pro-social and pro-environmental activities. By buying pro-ecological products or products where part of the income is intended to help people in a difficult life situation, on the one hand, consumers satisfy their own needs of help and in providing support to other people and not being passive in the face of problems arising in the world, on the other hand, they pursue the other company's marketing goals, such as sales growth.

To sum up, cause-related marketing (CRM) can be defined as any commercial and marketing activities of enterprises that combine their own marketing goals with activities supporting combating social problems. Cause-related marketing enables the co-creation of value with external stakeholders of the company. By using the products or services offered by the company, customers indirectly help in the fight against the problematic social phenomenon, co-creating added value together with the company. Consumers co-create value with the enterprise by buying products and using the services of a pro-social company. They also increase its profits and thus the reach and position on the market, enable the implementation of further social projects, indirectly financing them, and promote their attitude towards environmental protection or sustainable development

9 http://odpowiedzialnybiznes.pl/hasla-encyklopedii/spoleczna-odpowiedzialnosc-biznesu-csr/ (accessed: 12.06.2019).

activities. Customers can participate in the co-creation of marketing and social values with the company by choosing ecological and proven products, as well as by engaging in social advertising by recommending products and services to others directly or via media, e.g. social networks.

All this translates, in the long term, into increased sales, better sales profitability, increased social awareness among employees and greater motivation to implement further projects.[10]

Social marketing combines the activities of entrepreneurs, consumers and social organizations to achieve a common goal. Although large international companies responded first to the UN appeal of 1983, CSR strategies, due to the benefits of their implementation, are also becoming increasingly popular among smaller entrepreneurs.

4. CSR strategies implemented by IKEA and examples of best practices of using CSR in their marketing management

IKEA is an example of a large international company that by combining CSR strategies and implementing pro-ecological and pro-social ones at the international and local level has become recognizable all over the world and has achieved incredible market success.

IKEA is one of the largest companies in the furniture industry. The company sells and produces furniture and decorations for interior design. All companies that make up the IKEA group are owned by the Dutch INGKA Holding concern, the owner of these companies is the Stichting INGKA foundation. The company was founded by Ingvar Kamprad in 1943.[11] At the beginning, the company dealt mainly with the sale of pencils, wallets, picture frames, watches. In 1950, IKEA introduced furniture to its offer, which was produced by local manufacturers. In 1951, Ingvar Kamprad presented the catalog, which was initially used for mail orders, but in later years became the most important source of inspiration and knowledge about IKEA products. In the same year, the founder of IKEA saw the potential to sell furniture on a larger scale and decided to focus on the production and distribution of cheaper furniture and recall the remaining products. In this way, the idea of the company's strategy was created and is known to this day. The

10 http://odpowiedzialnybiznes.pl/hasla-encyklopedii/spoleczna-odpowiedzialnosc-biznesu-csr/ (accessed: 12.06.2019).

11 http://odpowiedzialnybiznes.pl/targicsr/targicsr2016/IKEA/ (accessed: 12.06.2019).

company expanded the reach of its activities abroad in 1963. Then, the first store in Norway was opened, ten years later the first store outside Scandinavia was opened. In turn, the first IKEA store in Poland was opened in 1990 in Warsaw. Today, IKEA is the world's largest furniture retailer. Every year, this brand's stores are visited by millions of people around the world. The company has about 350 stores in 29 countries belonging to the IKEA Group and employs over 149,000 employees, which makes it a leader in the furniture industry.[12]

The company's vision is to create better conditions for everyday life for many people. The company's mission is focused on offering a wide selection of well-designed, useful products that are also affordable for the customer. The company's operations are based on values such as a sense of community, care for people and the planet, cost awareness, simplicity, searching for improvements and new solutions, unconventional thinking, giving and taking responsibility. While the company has historically focused on cost efficiency, its current projects are aimed at "creating a better everyday life for many people […] and offering a wide range of home furnishings at low prices".[13] IKEA's declared ambition is to take into account social and environmental aspects in its daily activities in order to "produce products that have a minimal impact on the environment and produce them in a socially responsible manner".[14]

IKEA products are characterized by a competitive price, relative simplicity, usability, high quality and high durability at the same time. The company aims to reduce production and transport costs by offering furniture for self-assembly, as well as the production of high-quality furniture, durability and interesting design while using ecological materials. The company also provides home furniture delivery and assembly, kitchen installation, product servicing, assistance in planning, arranging and dimensioning interiors. IKEA products and services are available both in stationary stores and online. In addition, IKEA has its own restaurants located in the store area, where you can taste Swedish cuisine.[15] One of the company's goals is to build long-term relationships with customers. In addition, the company aims to increase the level of customer satisfaction, inter alia, by providing good quality products and services at low prices, and by constantly introducing interesting, innovative solutions and inspiration in interior design.

IKEA pays special attention to the so-called good business practice. Its aim is to care for the environment, support the development of the youngest, counteract hunger and poverty in the world, and increase people's living standards. All social

12 https://www.IKEA.com/ms/pl_PL/pdf/YS_2017/IKEA_YS_FY17_digital_FINAL_version.pdf (accessed: 12.06.2019).

13 https://ikea.jobs.cz/en/vision-culture-and-values/ (accessed: 12.06.2019).

14 F. Maon, A. Lindgreen, V. Swaen, *IKEA's Road to Corporate Social Responsibility*, European Retail Digest.

15 http://odpowiedzialnybiznes.pl/dobre-praktyki/IKEA-food/ (accessed: 12.06.2019).

activities in which IKEA is involved result from the People & Planet Positive strategy, which focuses on activities in the field of combating climate change, social inequality and the exploitation of non-renewable natural resources. The People & Planet Positive strategy focuses on sustainable production using renewable raw materials and energy sources, sustainable supply chain management and optimization of sales processes. IKEA's ambition is that by 2030, 100 percent of the materials used are renewable and/or materials-derived.[16] From 2020, IKEA has withdrawn all single-use products, and thanks to its sustainable approach, in 2019 it was possible to save over 47 million products by repackaging them and reselling through the Occasional Sales Departments in stores.[17] Taking care of the natural environment, IKEA conducts activities to reduce greenhouse gas emissions and to increase energy efficiency, an example of which may be the company's active participation in environmental events, such as the 2018 climate summit in Katowice. By 2020, they assumed to generate as much green energy as consumed by its shops, offices or other rooms. In 2019, IKEA financed photovoltaic installations for six schools in these towns, focusing on green energy, savings and environmental education. IKEA aims to educate people in the field of good practices, increase awareness of the need to counteract social and environmental threats, both at the local and global level. Acting locally, IKEA educates children and young people in the field of care for the environment, an example of which can be the organization of competitions such as the one in Poland, entitled "Sunny schools for a better city".[18] Globally, IKEA has invested nearly 2.5 billion euros in the development of renewable energy sources (RES), including onshore and offshore wind and solar energy.[19] Energy is also produced by wind farms belonging to the IKEA Group. Since 2016, there are 80 wind turbines operating on six farms in Poland. This allows for a reduction of CO2 emissions by approximately 450,000 tons per year.[20] In addition, the company offers customers the option of electric vehicle charging. IKEA also enables people to lead a sustainable life at home, offering products that use energy-saving LED technology.[21] Other activities in the field of sustainable development promoted by the company include minimizing waste, saving water and energy or growing plants and vegetables on their own, as well as increasing

16 http://biuroprasowe.IKEA.pl/55344-IKEA-publikuje-raport-zrownowazonego-rozwoju-za-2018-r (accessed: 12.06.2019).

17 http://odpowiedzialnybiznes.pl/aktualno%C5%9Bci/IKEA-publikuje-raport-made-in-poland/ (accessed: 12.06.2019).

18 http://www.outsourcingportal.eu/pl/IKEA-pozytywnie-dla-ludzi-i-planety (accessed: 12.06.2019).

19 http://odpowiedzialnybiznes.pl/aktualno%C5%9Bci/IKEA-publikuje-raport-made-in-poland/ (accessed: 12.06.2019).

20 http://odpowiedzialnybiznes.pl/aktualno%C5%9Bci/IKEA-publikuje-raport-made-in-poland/ (accessed: 12.06.2019).

21 N. Witkowska, *IKEA opublikowała nowy Raport Zrównoważonego Rozwoju*, http://raportcsr.pl/IKEA-opublikowala-nowy-raport-zrownowazonego-rozwoju/ (accessed: 12.06.2019).

consumer awareness of the need to care for the natural environment.[22] In its Food Waste Watcher program, IKEA strives to reduce food waste. The company also offers containers for longer storage of food.[23]

It is also reflected in the positive image of the brand in the eyes of consumers, who increasingly pay attention to products whose production is based on the idea of sustainable development.[24] In line with the CSR strategy, the company uses natural plastics or recycled materials in the production of furniture. The company emphasizes this fact many times in numerous advertising campaigns and on its own website. In 2018, they reached the level of 60 percent of IKEA's range of products made of renewable materials, and 10 percent contained recycled material. In the same year, 100 percent cotton and 85 percent wood used by IKEA came from sustainable sources, certified by BCS and FSC.[25] It is worth noting that the largest supplier of wood products for IKEA is Poland, from which 32 percent of this raw material came in 2018. By purchasing IKEA products, customers are convinced that they are buying things that will provide them with comfort, safety, are good for the environment and can change their lives. Building such a brand image, the company uses elements directly related to the above-mentioned values in the displayed advertisements on the website of the online store and in the edited catalog. Taking care of the best possible relationship with customers, IKEA implements not only the above-mentioned social and development goals, but above all, their marketing goals. Undoubtedly, the company covers many countries today and is recognizable among many customers due to properly conducted marketing, combining CSR strategies with public relations activities.

The company's business model includes such assumptions as a closed business by 2030 and a climate neutral business by 2030. The model is based on taking control of strategic resources, in particular through the logistical coordination of a network of 1,500 suppliers in 50 (often developing and emerging) countries. These suppliers ignore middlemen and deliver goods directly to IKEA, which minimizes the seller's costs and allows IKEA to offer cheap furniture. In the perspective of the progressive degradation of the natural environment and destruction of forests, IKEA as a furniture company takes into account the issues of sustainable development, especially in its CSR policies.[26] Despite significant savings in the management of raw materials, IKEA products are made of good quality materials, which the company emphasizes many times during its promotional activities. The

22 http://odpowiedzialnybiznes.pl/targicsr/targicsr2016/IKEA/ (accessed: 12.06.2019).
23 https://publicrelations.pl/jak-IKEA-zapobiega-marnowaniu-zywnosci-csr/ (accessed: 12.06.2019).
24 https://www.pulshr.pl/csr/klienci-doceniaja-idee-zrownowazonego-rozwoju-IKEA-umie-z-tego-korzystac,59792.html (accessed: 12.06.2019).
25 http://biuroprasowe.IKEA.pl/55344-IKEA-publikuje-raport-zrownowazonego-rozwoju-za-2018-r (accessed: 12.06.2019).
26 https://crb.savethechildren.se/business-practice/IKEA (accessed: 12.06.2019).

company's products are intended for self-assembly by the customer (in accordance with the instructions attached to them). The company therefore engages the customer in the process of product development. In order to fully implement the circular economy model, the company presented nine principles of "Circular Design", according to which all new products will be designed so that they can be reused, repaired, processed or resold.[27]

These CSR policies that IKEA has established for itself are derived from the dominant norms and institutional relationships common in the Scandinavian countries. Enterprises as well as other business and non-governmental organizations in the Scandinavian countries attach great importance to ethical values in the production processes of products, taking into account the protection of the climate, the environment and rational resource management. The pressure on the furniture company in terms of ecological activities is quite high, considering how important the profitability of the production of products is for the company, but it should be noted that the company operates mainly in developing countries. IKEA has come under scrutiny for child labor in Asia, working conditions in Eastern Europe and Asia, and timber from questionable forests in Indonesia and Russia. In the 1990s, the company's actions received much criticism because some of its sub-contractors in India and South-East Asia used child labor. In response, IKEA addressed the problem by developing a special code of conduct, as well as large-scale programs and initiatives in co-operation with organizations such as UNICEF and Save the Children. The Soft Toys Campaign aims to improve the education of the most disadvantaged children, while recognizing that education is one of the best investments for them. Save the Children programs focus on children from ethnic minorities and children with disabilities. Today it can be considered that IKEA is also one of the leaders in corporate activities for human rights and sustainable development. The company carries out various employee projects, at the same time building a friendly, safe and unbiased working environment and providing employees with a wide range of development and support opportunities.[28] The energy deficits projected in the coming years, combined with the drought and the effects of the coronavirus pandemic, require further actions to help prepare for these future threats. Ingka Group has joined the Green Recovery Alliance to implement even more effectively plans to support the return of the economy to the pre-coronavirus pandemic, categorically taking into account sustainable development priorities.[29] According to media reports, implementing the global assumptions of the "People & Planet Positive" strategy, companies belonging to the Ingka Group strive to provide help to local communities facing drought, energy crisis and the effects of the coronavirus

27 http://www.outsourcingportal.eu/pl/IKEA-pozytywnie-dla-ludzi-i-planety (accessed: 12.06.2019).
28 *Ibidem*.
29 https://raportcsr.pl/zrownowazony-rozwoj-z-IKEA/ (accessed: 12.06.2019).

pandemic. In Poland, IKEA allocated a budget of EUR 1 million to support that. First of all, support was provided to people from high-risk groups and people who help in the fight against the coronavirus epidemic. As part of the #Pomagamy Razem campaign, in cooperation with the Ministry of Interior and Administration, IKEA supported the equipment of municipal quarantine centers, and together with the Ministry of State Assets, it provided over 2,000. equipment products for critical infrastructure facilities in Poland.[30] Assistance under the funds provided is carried out in the form of providing necessary products for the health service, municipalities creating quarantine centers (about 40 municipalities already covered by the aid) or non-governmental organizations, e.g. helping the homeless.[31]

5. CSR and marketing communication of IKEA

Proper marketing communication of the company with external stakeholders is the basis for the reliable implementation of the strategy and CSR models at a high level. Among CSR stakeholders there are not only ordinary consumers, but also other companies, various business suppliers and non-governmental organizations, who put pressure on the company to operate in an environmentally friendly and socially engaged manner. The stakeholder-oriented approach to CSR emphasizes that organizations exist in large networks of stakeholders, all of which make claims against the organization. Within the organization, managers must involve stakeholders in the decision-making process, convince them to support the corporate strategic course, and facilitate multilateral participation. When it comes to the impact of various external stakeholders on the development of IKEA's CSR policies, three elements can be seen: (1) the role of external stakeholders in developing socially and environmentally responsible business practices and codes of conduct, (2) the role of NGOs in implementing and enforcing agreements and codes of conduct in terms of CSR, and (3) a combination of reactive and proactive activities undertaken by IKEA.[32]

External stakeholders play a key role in creating IKEA's CSR policy, such as the International Federation of Construction and Timber Workers (IFBWW). To learn about CSR development and to facilitate its CSR commitments, IKEA has established relationships with various NGOs. For example, since wood accounts for 70 percent of IKEA's raw materials, environmental issues related to forestry are

30 http://odpowiedzialnybiznes.pl/aktualno%C5%9Bci/IKEA-publikuje-raport-made-in-poland/ (accessed: 12.06.2019).

31 *Ibidem*.

32 F. Maon, A. Lindgreen, V. Swaen, *op. cit.*

among the organization's main concerns, as evidenced by its certification efforts, planning operations and partnerships with Global Forest Watch, Greenpeace, a Swedish university and WWF.

IKEA's local purchasing departments monitor the implementation of their CSR agreements and codes of conduct (IKEA Way or "IWAY"), e.g. whether suppliers are complying with IKEA requirements, while its internal Compliance and Monitoring group tracks changes worldwide. Monitoring is verified by independent audit companies, which also play an advisory role in the implementation of codes of conduct. Third party verification is an important part of the internal audit process. At twice-yearly meetings, IKEA communicates the results of the IFBWW audit and, in an abbreviated form, to the wider public through its annual social and environmental reports. Independent organizations constantly evaluate and question the social and environmental measures implemented by IKEA.

As a result of these external pressures, IKEA has incorporated its CSR objectives more systematically into its management philosophy and business operations. For example, IKEA has decided to adapt in response to public demands from regulatory bodies (e.g. in Denmark and Germany), trade unions (e.g. IFBWW, FNV), media and NGOs (e.g. Greenpeace, Robin Wood, Save the Children. IKEA is also a member of various business networks including Business for Social Responsibility and Global Compact.

Before 2005, IKEA presented its position and its activities in the field of CSR using its stores, product catalogs and product packaging. The stores contained information on the conducted social marketing campaigns as well as the so-called green panels where customers could obtain information on good consumption practices. In later years, the main source of information on IKEA CSR activities became websites where you can find brochures, reports and codes of conduct on the company's CSR. Since 2004, IKEA has been publishing reports on its activities as part of social and environmental responsibility every year. Annual CSR reports and audits published on the company's website are the basis for the company's communication on CSR activities. Although trade unions and organizations are quite critical and skeptical about the ways in which IKEA communicates its CSR activities, customers generally perceive IKEA's reports positively.[33] NGOs or other organizations that have long-term cooperation with IKEA on social, socio-economic and environmental issues on a large scale and in a formal manner. This is due to the fact that they have some access to privileged information that is not available to the general public that positively perceives IKEA's obligations in the field of CSR and places their hope in the company's commitments. The company's marketing communication with local organizations is focused around local IKEA investments. Local authorities are usually open to cooperation with a company that creates new jobs. IKEA does not feel the need to advertise its own CSR activities.

33 *Ibidem*.

6. Conclusion

Nowadays, being a socially responsible organization seems to be a necessary criterion for achieving market success. With the emergence of concepts such as sustainable development and global business citizenship in recent times, pressures and demands from various stakeholders help to explain the key role of CSR in the development of a business. Social awareness of the need to care for the natural environment and the fight for human rights to a dignified life is growing. More and more aware customers pay attention to whether the products they buy, not only meet expectations, are safe for health, but also under what conditions they were produced and whether they are environmentally friendly.

The IKEA experience in the field of CSR presented in the article may be a signpost of activities in this area for other companies, serving as an example of developing consistent and transparent CSR strategies, as well as ways of conducting marketing communication with external stakeholders. The best CSR practices that contributed to the strengthening of marketing communication with customers were in the focus of interest of various IKEA stakeholder groups. They had a positive impact on the company's image and resulted in the growth of good business relations with consumers and business partners based on the will to achieve common goals and share common values. The long list of activities includes actions to protect children's rights, actions to protect the natural environment, implementation of innovative energy-saving production methods and distribution models, care for the health and safety of employees, activities for a more sustainable everyday life of people, investing in achieving energy independence and sourcing raw materials from sustainable sources and effective waste management, activities for the benefit of the local community as well as cyclical informing the society about the implementation of activities by publishing reports in CSR.[34]

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Business Relations and Networking as One of the Best Marketing Practices[1]

Relacje biznesowe i networking jako jedna z najlepszych praktyk marketingowych

Streszczenie. Networking to doskonały sposób na rozwój i nawiązywanie nowych kontaktów biznesowych. Artykuł zawiera zagadnienia związane z funkcjonowaniem klubów biznesowych, sposobami pozyskiwania nowych klientów, a także zaletami przynależności do wspomnianej organizacji na przykładzie „Partnerskiego Klubu Biznesu". W kolejnych częściach skupiono się na działaniach networkingowych stosowanych w ramach klubu biznesowego, jego obecnej sytuacji w Polsce oraz wpływie pandemii koronawirusa na jego funkcjonowanie. Niniejszy artykuł dowodzi, że networking powinien być podstawą każdego przedsięwzięcia biznesowego, gdyż bardzo skutecznie zwiększa sprzedaż.

Słowa kluczowe: networking, klub biznesowy, sprzedaż, działania networkingowe, relacje biznesowe, kontakty biznesowe.

1. Introduction

Creating and maintaining business relationships lays the foundations of marketing. Nowadays, standard marketing practices are often not enough – our clients or contractors expect something more that will underline how important they are to us. Such a strategy aids the acquisition of loyal customers that feel appreciated

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1 This article is based on the fragments of Małgorzata Michałus Bachelor's Thesis titled "Business Clubs as an efficient tool for building business relationships and increasing sales".

and experience special treatment, which ultimately leads them to treat our services or products with special consideration. They also put the choice of our brand on a pedestal in terms of their consumer decisions. Relations play a significant role in the B2B area, especially when we cooperate with another company and want our contractors to express positive attitude towards us. Nurturing these relationships is a vital part of applying the most effective marketing practices. As the name suggests, these are effective marketing methods that aim to successfully attract the client by skillfully drawing their attention to a given project and therefore making them become loyal. Thanks to effective marketing practices, we can exert a tremendous impact on the acquisition of customers or companies through various contact channels, best suited to the industry in which the company operates. Building lasting relationships with customers should become the main pillar of functioning of any company, as it is the customers that bring profit, which will determine its position on the local and international market.

Nowadays, many people see marketing as advertising. However, marketing is much more than advertising. It includes advertising, but it is the relationships that create modern business. This is where networking begins. Unfortunately, there are still multiple educational gaps in this area. Even today, many entrepreneurs remain oblivious to such concepts as the model of networking cooperation and building a network of contacts. Every entrepreneur should actively strive to expand the network of their own contacts. They constitute the base on which we can build business successes in the future and therefore increase our profits. Apposite understanding of the idea of networking and the business club is a key aspect not only in building a network of contacts, but also in creating your own personal brand. A skillful approach to the application and the benefits of networking is bound to help you understand the importance of lasting relationships and recommendations in business, as well as the advantages of building your own network of contacts.

Companies have always gone to great lengths in order to attract customers, make them loyal and eager to come back. There are many proven marketing strategies that result in the acquisition of such a customer. However, nowadays consumers are overloaded with intrusive advertising, telemarketers and slogans such as "buy now or regret later", "great offer", "this price only today". We are currently dealing with customers who become increasingly conscious and able to analyze the competition. It is highly unlikely that we find an area in which only one brand has a monopoly on a product. Consumers have begun to notice the aforementioned phenomenon and therefore, they compare and analyze their options, wondering which company offers a better, more attractive service or product. Entrepreneurs have to give more of themselves, reach out to the client, go beyond known and tested schemes and start presenting a more innovative approach. It finally becomes more noticeable that the relationship we build with a client exerts a tremendous impact on client's future loyalty towards our product or service and the possibility of them recommending us further.

2. The concept and methods of implementing networking

Networking is primarily about building a network of contacts. It is a very broad concept in which the key aspect is establishing lasting relationships in business that will result in mutual recommendations. Networking should be seen as a network of connections, means of exchanging valuable contacts. One member of such a community can help us on multiple levels by sharing their business contacts. Networking is largely based on trust and reliability. When we recommend someone, we want to make sure that the person or company is trustworthy. Otherwise, our reputation as a referrer is likely to be tarnished, as it may seem that other contacts in our network also offer poor quality services, and we cannot be trusted with our recommendations.

We can implement networking into business in two ways – by either personally building a network of contacts or by becoming a member of a networking group. Business club membership gives its members numerous benefits, not only businesswise, but also in terms of relations and integration between its members. Other advantages worth mentioning are: establishing new business contacts, increasing sales of your products and services, as well as finding new ways of cost reduction. In addition, we have to bear in mind that there are three pillars of network marketing, thanks to which much less than usual involvement in typical commercial activities results in faster and more significant business results. The aforementioned principals are as follows: powerful leverage (time and money), passive income and geometric growth through duplication.

Partner Business Clubs in Poland founded by their president Radosław Rogiewicz are the example of such networking organizations. They are divided into two types: clubs that belong to sports organizations and clubs without sports affiliation, operating independently. In the first case, sports clubs can give their sponsors the invaluable possibility of establishing new business contacts within the created networking structure by getting to know other entrepreneurs who are also sponsors of the club. Members have an opportunity to integrate with each other and become acquainted with their enterprises on a deeper, even personal level and therefore, trust their recommendations. In the second case, the Business Club is primarily a place to establish business contacts, a place to cultivate business relationships in a very exceptional atmosphere that boosts creativity and increases the incentive to talk business. Due to the fact that every club member knows the enterprises of other members, the recommendations become even more valuable. Member companies start to use each other's services more often, and thus effectively implement and develop a strategy of networking, building their corporate or personal brand. Furthermore, such activities are also extremely helpful as far as gaining direct access to the owner or other decision-making person at a given company is concerned. By promoting a request in our network of contacts, we are able to quickly find a person who is willing to help us reach someone who is within our range of interest and therefore, we create an open negotiation path.

Personal networking is based on individual network building via creating and promoting your own brand. We can build a network thanks to our professional activity either internal to the company, or based on contacts with external contractors. Thanks to this, we become acquainted with worthwhile enterprises, CEOs and other decision-making people. Nonetheless, in this model of networking we do not venture beyond our business field. We utilize acquired contacts ourselves or we share them with a selected group of people only. Such a network can be created by anyone who works or owns a given company. However, this networking model is quite limited as it does not allow us to expand our contacts beyond the aforementioned business field and therefore, it is less efficient than the second model, which is open networking.

Open networking is based on being a member of one or more networking organizations. Thanks to our participation in various business meetings, we can establish new business contacts, share current ones, provide recommendations and spend time in an exquisite atmosphere surrounded by people who share our values and interests. Such a model is very intense and oftentimes requires a lot of commitment in terms of time, money and patience so that our company can be welcomed to the network and seen as trustworthy, which is an indispensable but time-consuming process. We can compare a networker to a sower who sows a seed of business and must properly nurture it via their loyalty, active participation in meetings, discussions and recommendations, as well as use of the services of member companies. If they do the above and patiently wait for results, they are bound to be pleasantly surprised by the yield. It shall not be forgotten that everything we do in networking is associated with the desire to increase profits and decrease costs. However, there is a handful of people whose sole purpose of attending the aforementioned events is to spend time in an environment conducive to creativity and innovation or celebrate success. Such individuals treat doing business as a byproduct – a pleasant addition to their evening.

3. Essence of networking in business clubs in Poland and other organizations

The overall goal of the two main pillars of cooperation in business clubs is to create an increase in sales in individual sectors of each member company. The first pillar enables traders to gain additional contacts and recommendations, while the second pillar focuses on promoting the company's image on the national arena. Such projects, due to their range, constitute an excellent opportunity to promote a brand and build its recognition, as well as credibility in various business sectors.

Each entrepreneur stands a great chance of spreading their wings businesswise if based on recommendations. Once they surround themselves with reliable partners, they are bound to succeed. However, it is not only about business. The sole sense of camaraderie and the awareness that there are people willing to give words of encouragement and share their experience is immensely comforting and likely to boost the entrepreneur's confidence in business. The club's activity is very versatile and combines multiple marketing tools such as social media or event, direct and internet marketing, but most importantly it creates a safe space for business and personal growth for every entrepreneur. Participation in meetings entails not only professional development of the club member, but also the blossoming of their personal brand and their business activities. Moreover, it provides many positive entertainment experiences. Top specialists in the field of marketing that lead the club and their professional approach towards mutual success are the key to the successive development of networks which results in the abundance of business ventures and direct opportunities to increase profits.

To be recommended, we have to recommend others; to gain someone's trust, we have to trust someone ourselves. In fact, business relations have a lot in common with interpersonal relationships. "You reap what you sow" – as the proverb goes. If our goal is to build a reliable network of business contacts, we have to not only be active and ready to come up with different initiatives, but also open to suggestions and constructive criticism. What every aspiring businessman should internalize is that in business there is only one thing more valuable than money – contacts.

Another essential aspect of building relationships in business is the integration of entrepreneurs. Spending time together in a relaxed atmosphere contributes to strengthening contacts between the attendees. Such events are mostly exclusive to club members although occasional invitation of outsiders is likely to attract new members. Despite appearances and the informal nature of meetings, this is where the most desirable and potentially revenue-generating business interactions take place. Therefore, it goes without saying that maintaining amicable relations with collaborating companies should be highly prioritized by every entrepreneur.

The broadly understood development of business in Poland thanks to the effective use of business relations may exert a tremendous positive economic impact on our country. The creation of business clubs and other networking groups aids many entrepreneurs in increasing their companies' income and therefore makes it possible for the government to collect more tax revenue. Moreover, the development of enterprises results in job creation and thus effectively reduces unemployment and economic emigration due to the fact that there are more jobs available in Poland.

Nowadays, companies can constantly develop as they have unlimited opportunities for expansion into the new markets. When a firm goes from strength to strength thanks to its new partners, expansion into foreign markets may be taken into consideration. Not only does such process strengthen Poland's position on the international stage, but also it generates additional profits for domestic entrepreneurs who will continue to invest the revenue in their homeland. In addition, the creation of business clubs in smaller cities results in the economic growth of such areas. Thanks to attracting new investors and establishing partnerships between external and local companies, especially the local ones are able to expand, create new employment and therefore, pay more taxes which contributes greatly to the economic growth of the region.

4. Business relations during the COVID-19 pandemic

We can appreciate the special role of relations in business and emphasize their importance by analyzing the current economic situation in the world in times of pandemic. It paralyzed not only our social lives, but above all, professional and business ones. Suddenly, the world came to an abrupt halt due to the danger posed by the rapidly spreading virus. Multiple companies suspended their operations making the safety of their employees and customers their top priority. With revenue opportunities cut short, financial stability was put in jeopardy. However, thanks to previously established relationships, companies that truly invested in forming strong bonds are now more likely to stay afloat. Currently, many personal business meetings have been replaced with online ones. Thanks to technology, business clubs are still able to function and therefore fulfil their role of creating an online space for entrepreneurs to share their knowledge and experience, ask bothering questions, or simply support each other at this difficult time.

5. Conclusion

In conclusion, building business relationships should be on par with other most efficient marketing practices. However, due to the lack of appropriate knowledge and skills it is oftentimes overlooked or once established not nurtured properly. In order for business relationships to be sustainable, they need to be regularly renewed. Businesspeople ought to actively help their partners, even if it does not seem profitable at a given point in time. Thanks to this approach, strong bonds are formed. Loyal partners are bound to keep in mind our assistance once they required it most and they are likely to lend us a helping hand if the need arises. Business relationships should become one of the vital aspects of our efforts to acquire new customers. Therefore, it is of the utmost importance to raise awareness of the best marketing practices and their practical application in the areas of sales and development. Thanks to the aforementioned strategies, the company can stand out from the competition, spread its wings and gain highly satisfied clients and partners. By maintaining lasting relationships in business and effectively implementing the assumptions of the best marketing practices, we are able to successfully increase our sales indicators as well as competitive advantage and make our brand progressively more recognizable day by day.

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Oliwia Skonieczka*

Discounts and Rebates
Zniżki i rabaty

Streszczenie. Celem artykułu jest zaprezentowanie istoty rabatów i zniżek, przyczyn ich wykorzystania w praktyce biznesowej, a także ich rodzajów. Rabaty i zniżki są ważnym narzędziem służącym pozyskiwaniu i utrzymywaniu klientów – można zatem wnioskować o ich użyteczności zarówno z perspektywy transakcyjnej, jak i relacyjnej dla klientów oraz dla podmiotów oferujących swoje produkty i usługi. Ze względu na często potoczne, częściowe rozumienie tych pojęć warto przedstawić ich szerokie spektrum dla usystematyzowania wiedzy teoretycznej i praktycznej w tym zakresie.

Słowa kluczowe: rabaty, zniżki, klient indywidualny, klient instytucjonalny, lojalność, zarządzanie ceną.

1. Introduction

In the process of price management, it is important to know the types and meaning of discounts and rebates. They are important for both customers and the party offering its products on the market. The concept of discounts and rebates encompasses many techniques and tools. Their selection should depend on the specifics of the industry, the company's objectives, the current market situation and competitors' activities, the types of customers and the company's experience. Due to the scope of this issue, it is therefore important to present the functions of such price-related activities and the classification of discounts and rebates.

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2. The concept of rebate

We may have at least a few terms used interchangeably, such as rebate, discount or promotion. There are various types of slogans in the shops, such as a 10% discount, beer in promotion "buy four get four free" or a total sale. There are many examples that we face daily. There is therefore an ambiguity in the use of the above mentioned terms. From a business management perspective, this polysemy of the term rebate needs to be clarified. Consequently, it is worth answering the question what a rebate is, whether it has certain features and when we can talk about it, and when not. Are there any differences between the rebate and these terms and can we use them interchangeably? The definitions will help us. The terms such as rebate, price lowering, discount or sale are not defined in tax or civil law. In this case, we must use a dictionary of foreign terms that states that the rebate is:

- a reduction in the fixed price of a single purchase in large quantities or at a specific time;[1]
- a reduction in the price of a good by a certain amount;[2]
- a price reduction, expressed as a percentage or as an amount of the fixed price of a given price;[3]
- it consists of a reduction in the amount of the payment by an appropriate amount or percent.[4]

So, we will talk about the rebate when we lower the price under certain conditions.

The analysis of the definition of these terms does not leave any doubt that we will be talking about rebates when we are dealing with a reduction in the base price, which is the one that our contractor can see before the changes. Secondly, sometimes it is a so-called cash benefit, or a certain kind of debt that we take with the buyer in return for his purchase. Thirdly, the counterparty makes the purchase under certain conditions and in due time. However, how and under what conditions rebates are granted is certainly a type of strategy or price policy for the company. It is a truism to say that the seller wants to sell as much as possible, while the buyer wants to buy the product as cheap as possible. However, this statement clearly shows us that the way in which rebates are granted is a tool to mitigate the conflicting interests of the seller and the buyer. To conclude, we have already considered the definition of the rebate. The three following criteria should be met so that we can speak of a rebate. The original price must be reduced, the specific conditions, under which the rebate will be granted, must be met and the transaction must be made in good time. However, the way rebates are

1 https://slownik-wyrazowobcych.eu/category/r/page/4/ (accessed: 8.01.2021).
2 https://sjp.pwn.pl/slowniki/rabat.html (accessed: 8.01.2021).
3 https://pl.wikipedia.org/wiki/Rabat_(handel) (accessed: 8.01.2021).
4 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Rabat (accessed: 8.01.2021).

granted is a kind of strategy that serves to achieve goals and is a certain level of agreement, standardizing specific behaviors and trade relationships. A discount[5] is the next term that appears in use for rebates. The rebate and discount are applied interchangeably in everyday use, and the authors believe that it needs to be clarified even though both are based on a price reduction, but the discount is applied to the transaction and is unconditional and it becomes the basis for a reduction in taxation.[6] Another new concept that is worth explaining is a sale. We can talk about sales when a company sells its products at reduced prices, but this action occurs when a company is disposing of its products, such as when a store is being liquidated.[7] The last frequently used phrase is the promotion.

As with the rebate, we can use a dictionary of foreign terms to understand the meaning of the word: to promote, which is:

1. "a marketing venture of the company or an institution with a market which aims to increase demand for the goods and services it provides";[8]
2. "the impact on the recipients of a company's products by providing them with information that is intended to increase their knowledge of the products or services and the company itself in order to create market preferences for them";[9]
3. "measures to increase the popularity of a product or project; and: each of these activities";[10]
4. in traditional terms, a set of interdependent tools by which the company competes on the market. In a new view, it is responsible for communicating with the environment, providing product information and offering them;[11]
5. the part of the communication, which consists of communications provided by the company, designed to raise awareness of its particular products and services, to attract and encourage them to purchase;[12]
6. all marketing activities which, by adding short-term incentives to the normal benefits offered by the product, aim to change the price/product value perceived by customers and thus provide an motivation for purchasers to take immediate action (purchase of the product).[13]

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5 https://sjp.pwn.pl/szukaj/zni%C5%BCka.html (accessed: 8.01.2021).

6 Art. 14 ust. 1 ustawy z dnia z dnia 26 lipca 1991 r. o podatku dochodowym od osób fizycznych (Dz.U. 1991 Nr 80 poz. 350), art. 29a ust. 10 ustawy z dnia 11 marca 2004 r. o podatku od towarów i usług (Dz.U. z 2016 r. poz. 710, z późn. zm.).

7 https://sjp.pwn.pl/slowniki/wyprzeda%C5%BC.html (accessed: 8.01.2021).

8 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Promocja (accessed: 8.01.2021).

9 https://pl.wikipedia.org/wiki/Promocja_(marketing) (accessed: 8.01.2021).

10 https://sjp.pwn.pl/slowniki/promocja.html (accessed: 8.01.2021).

11 M. Chrząścik, *Teoretyczne ujęcie promocji w aspekcie koncepcji marketingu terytorialnego*, "Zeszyty Naukowe Uniwersytetu Przyrodniczo-Humanistycznego w Siedlcach. Administracja i zarządzanie" 2012, no. 94, pp. 143–151.

12 P. Kotler, *Marketing od A do Z*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2004.

13 A. Sznajder, *Marketing sportu*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2008.

Therefore, the promotion is not a rebate or discount, it is an action designed to convince buyers of selected products. That is why, the use of the word "promotion" should be understood as an indication used by companies to distinguish selected products.

3. A practical example of calculating the rebate

To better understand what the rebate is and how it works, imagine a situation where the buyer is guaranteed a contractual rebate on the price from the product catalog which is 28% above 99 units. The net price for one piece of our product (i.e. unit price) is PLN 100 net. This is the price at which the rebate is applied. According to the contract rebate is 28%. Therefore, the unit price after the rebate will be PLN 100 minus 28%. The minimum quantity of products on the order that can be discounted is 100 units. So, the total amount to be paid will be PLN 7,200 net. Let's see how the calculations look like:

- Unit price: PLN 100 net
- Rebate: 28%
- Unit price after rebate: PLN 72 net
- Order quantity: 100 pcs
- Total: 100 pcs x 72 PLN = PLN 7200 net

On the basis of this calculation, we can notice a few things. We are talking about a rebate here because the price has been reduced from PLN 100 to PLN 72. The conditions are clearly defined, because an order of more than 99 items is necessary to receive the rebate. Of course, we can accept that the transaction itself took place within the agreed term of the agreement (whether written or oral) on the basis of which the rebate was granted. In addition, please note that the rebate is based on the quantity ordered. Such conditions impose certain behaviors and attitudes on counterparties along with the resources required for this transaction. So if there is such a transaction, we can see a situation in which both sides benefit from the rebate. The seller sold more products, while the buyer received an attractive price.

4. Rebate functions

As we said in the previous section, the rebate policy is a kind of strategy and each strategy is applied to a specific objective. Let's look at the rebate policy from an enterprise perspective, and let's look at what their functions are.

- Increase demand for the products offered – the first, and most obvious function is to increase demand[14] for the products offered. It is worth adding here that we do not just mean the quantities sold, but the demand. Demand law tells us that the cheaper the product, the more likely it will be bought, and the more expensive the less likely. A conscious look at this feature gives us the ability to manage this relationship. On the one hand, the increase in demand for products increases a number of pieces sold. On the other hand, the increase in the quantities sold leads to a decrease in the price. It is worth noting here that the price of a single product is also margin and final profit. We will use an example to illustrate this mechanism. We have a situation in which as a seller we buy a product for PLN 100, then we add 40% of our margin to it. So the final price of the product will be PLN 140 and the unit margin will be PLN 40. If we sell 100 products as in the previous example (in this case without rebate), the total margin in this transaction will be 100 pcs x PLN 40, i.e. in total we have PLN 4,000. However, we will see how the total margin will look if we give the customer a 28% rebate. That means the price of the product is PLN 140 minus 28% rebate, which gives us a final price of PLN 100,8. When we sell 200 products (because we assume that if we reduce the price, the contractor buys more – the law of demand), we get the result of 200 pieces sold x PLN 0,80. Therefore, it turns out that by granting the customer a 28% rebate and selling twice as many pieces, the total margin in this transaction brought PLN 160 against the previous PLN 4,000. That is why, the reservation price is important for the functioning of the rebate policy as the highest price to be accepted by the buyer or the lowest price to be accepted by the seller.
- Growth in trade – this goal is used for several reasons. The first reason is to have the possibility of external financing (e.g. in the form of working capital loans, deferred payment terms) of the business by leveraging the profits of the company, provided that foreign capital is used in economic activities (not for consumption purposes) and thus opportunities for increased economic activity (e.g. capacity increases or sales increases). The second reason is the increase in market share which determines its competitive position and, in

14 Demand – the functional relationship between the price of the product and the quantity it is willing to purchase, https://pl.wikipedia.org/wiki/Popyt (accessed: 8.01.2021).

principle, reduces unit costs.[15] These are costs which are incurred per unit sold. From the observation, we can see that this criterion is rarely used by micro and small businesses, but it is very important because it makes the company resistant to fluctuations in business cycle.[16]

- Minimize costs – how will it minimize costs by implementing a rebate policy? At least in two ways. Firstly, if such activities are implemented as a permanent part of the business, this will allow for a more efficient[17] service of contractors, e.g. through a more efficient[18] service process. Secondly, if an effective rebate policy increases the sales of products, there is a possibility of renegotiating the commercial terms of suppliers.
- Strengthening trade relations – business loyalty pays, this may be trivial, but in addition to acquiring a new contractor, is one of the most important things we need to do while building our company. A loyal contractor will be happy to buy and return. They also do not need to look for a product from a competitor. It is worth knowing that getting a new customer costs more than keeping the one that we already have, so it is worth making sure that our contractor is happy with the purchase, and that they will come back to us again, to reduce the costs of your business.[19] The customer lifetime value[20] is the total amount that the customer is expected to spend during the entire duration of the relationship with the company on the products it offers.
- Improve financial liquidity – we can speak of financial liquidity when you are able to pay for short-term liabilities. Failure to meet your commitments in time can result in a business demise very quickly. Low profit is not good in the company, but it doesn't have to be a problem right away. In the short term, the lack of liquidity may cause irreversible damage. It is worth noting here that the lack of liquidity causes problems to build up and scale. Imagine a situation in which, due to bad liquidity or payment bottlenecks, it is not possible to buy raw materials for production or a new batch of products for

15 R. Biadacz, A. Kozak, *Rola kalkulacji kosztu jednostkowego w podejmowaniu decyzji cenowych w przedsiębiorstwie – analiza przypadku*, "Zeszyty Naukowe Politechniki Częstochowskiej. Zarządzanie" 2013, no. 11, pp. 64–77.

16 Cycle – a convolution of circumstances that has a significant, mainly positive, impact on economic conditions.

17 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Efekt_skali (accessed: 8.01.2021).

18 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Krzywa_do%C5%9Bwiadcze%C5%84 (accessed: 8.01.2021).

19 CAC (Customer Acquisition Cost) – Customer Acquisition Cost is the sum of the costs of all activities associated with persuading a potential customer to purchase our service or product.

20 Customer lifetime value – this is a marketing metric that is designed to design customer value in its entire history with the company – Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Customer_lifetime_value (accessed: 8.01.2021).

further resale. This makes the company no longer able to sell, so the liquidity is deteriorating. Again, there is no money to buy products for resale. For this reason, liquidity is so important and we must give it particular attention.

- Improve productivity – the definition of productivity is very simple. Looking at our rebate policy, it is the sum of products sold or services delivered by one employee per unit of time. Put it simply, how much per hour are we able to sell at the same cost? Productivity is a key determinant of the organization's profitability and its ability to survive on the market. In the case of commercial companies, it is about selling more at the same or similar cost. This factor depends on the revenue in the company that is directly related to the profit. Productivity improvements are a big challenge for every business, but the benefits are very high for both the business and its contractors. On the one hand, if your business is efficient, you can invest your profits in new solutions that will further improve your productivity. In addition, there is a possibility of offering better price conditions to counterparties, which means that the company is able to gain a better competitive position in the market and increase demand for the products or services offered.

5. What affects the rebate level

It is worth seeing what is directly affecting the rebate from the perspective of a business environment:[21]

- Customer expectations – it is worth looking at the expectations of the counterparties, not just the conditions arising from, e.g. the contract, but rather the expectations or bargaining power of the buyers[22] while entering into a transaction. These expectations of the counterparties arise from two things. Firstly, from their attitude, how they approach negotiations, to concluding trade agreements. Secondly, what the market in which the company operates looks like. For example, in the high-skilled medical services market, rebates are extremely rarely or almost never applied. Of course, you can always negotiate a price for a private procedure, but we will be talking about a discount for a single transaction at this point, not a rebate.

21 Business environment – organization environment – the total phenomena, processes and institutions that shape its interchangeable relations, sales opportunities, scope of operations and development prospects.

22 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Koncepcja_pi%C4%99ciu_si%C5%82_Portera (accessed: 8.01.2021).

- Time interval between purchases – it affects the so-called customer value over time, as the previously discussed loyalty. It reduces costs while increasing revenue and improves the previously mentioned cash flow[23] and increases customer value over time. As you can see the time interval between purchases may be a key factor in the success of the rebate policy.
- Product cost and selling price – this cost, but in fact the difference between the purchase cost and the selling price, is a so-called margin,[24] from which this company has to cover many costs such as transport, storage, electricity charges, which are fixed costs[25] and variable costs.[26] This margin will also be used to rebate, so that the higher the margin will be, the higher the rebate you will be able to grant.
- Bargaining power of suppliers – we also consider the bargaining power of the suppliers when examining the company's rebate policies using the Porter's Five Forces.[27] Every business in the market needs to acquire the materials and services it produces. If the bargaining power of resource suppliers is high, they may impose prices, thereby taking part of the margin achieved on the market, which determines the scope of the rebate policy.
- Competition inside the sector – as part of the five-force impact, intense competition between companies can lead to price competition, which has a significant impact on the company's rebate policy.

6. Rebate classification

In the previous sections, we learned what rebates are and what is different, for example, between discounts and sales. What effects can we expect from the implementation of the rebate policy and what are the reasons for the rebate strategy? It is therefore worth raising the issue of the breakdown and schemes of the rebate policy in the next step. With these diagrams, we will be able to actively,

23 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/P%C5%82ynno%C5%9B%C4%87_finansowa (accessed: 8.01.2021).

24 Margin is generally understood as the difference between the selling price and the purchase price, or as the difference between the selling price and the own cost of the product sold. It can be expressed in amounts or percentages.

25 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Koszt_sta%C5%82y (accessed: 8.01.2021).

26 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Koszt_zmienny (accessed: 8.01.2021).

27 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Koncepcja_pi%C4%99ciu_si%C5%82_Portera (accessed: 8.01.2021).

knowingly and creatively implement the right solutions. With this system, we will be able to monitor competition and control our own activities.

We will review the classification of rebates according to: function, quantity, payment methods, time, counterparty type, the place of calculation and other.

The classification of the rebates, due to the steps that the counterparty must take:

- unconditional – are those that are granted without certain conditions, such as a 10% discount on all products in the store. This is the simplest form of rebates and it does not require any further discussion;
- conditional – there are a lot of possibilities. We can offer discounts based on a lot of terms and conditions. The simplest and most common condition is the quantity of goods purchased, i.e. the more the contractor purchases, the higher discount they get, it is so-called volume discount. If the goal is to attract and retain customers in a particular group, you can discount on the basis of demographic data or the source you were able to retrieve the customer from.[28]

Imagine a situation where we run a beauty salon and a depilation service. There are a variety of clients coming to us. Over time, you notice that many clients refer your services to others. So we can implement conditional rebates based on the source of the retrieval of customers.[29] For these customers we can offer a 5% discount on the next treatment for recommending our beauty salon. At the same time, we can extend our term by a further step, which will mean that the referred person will also receive a 5% discount. This is how we have a conditional rebate based on the source. By creating this rebate, we create a pyramid-like solution, because not only the referrer receives certain benefits, but they can also share the benefits with others. As we can see, the possibility of combining conditions with one another can bring concrete benefits.

The classification of rebates due to product relationships:

- single-product – will only grant a discount on one of the products,
- multi-product (assortment).

This kind of solution seems quite interesting, for example, because of its practical application. And while the first category, i.e. a single product rebate, where the discount is applied only to one product. Then, the second category which is multi-product rebate, sometimes referred to as assortment discounts, is very widely applied in practice. We can see this type of promotional activity very often in online stores or auction sites that discount across the whole product categories. The way products are selected for these categories can be different. For example, let us use the garden care shop. In this case, we may apply discounts

28 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Klient (accessed: 8.01.2021).

29 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Pozyskiwanie_klient%C3%B3w (accessed: 8.01.2021).

to, for example, the entire product category of mowers. Then, all of them in our store will be discounted. We can also apply a discount to the lawn care range. That is not only the mowers mentioned earlier, but also products such as grass seeds, irrigation systems or rakes will be discounted. This category of rebates may also be wider or narrower, vertical or horizontal. This can be applied to all lawn care products. There is nothing to prevent different categories from being combined e.g. only products from a specific manufacturer or only lawn care.

The most common reason for this type of rebate is to highlight and interest the customer in a particular product group, or a particular brand or application. Experience has shown that it is important to grant product discounts for a specific application by combining complementary products.[30]

Table 9. Example of costs and discounts

	Bike	**Bell**	**Lights**	**Luggage compartment**	**Set of keys**
Costs	1 000	100	100	100	100
Price with margin (40%)	1 400	140	140	140	140
Margin	400	40	40	40	40
Price after rebate (5%)	1 330	133	133	133	133
Margin after rebate	330	33	33	33	33

Source: Own-account development.

When they buy all products separately, they will pay more for a single product. But when they buy everything in one set, they will pay less.

Table 10. Total consumer benefits at rebate

Set	Set after discount	Benefit
1,960 PLN	1,862 PLN	98 PLN

Source: Own-account development.

The margin on the entire set at this rebate type is also more advantageous for the store.

30 Encyklopedia Zarządzania, https://mfiles.pl/pl/index.php/Dobra_komplementarne (accessed: 8.01.2021).

Table 11. Total store margins

Margin on bike	Margin on set	Margin on set after rebate
PLN 400	PLN 560	PLN 462

Source: Own-account development.

At first glance, it would appear that the total margin without a discount on individual products would be more advantageous for the store. The amount is higher because it is PLN 560, which is PLN 98 more than the sum of the margins after the rebate, which is PLN 462. However, it is worth looking at such a way of discount in a slightly different way, exactly in the economic way. We just talked about increasing efficiency. This is what we are doing because the cost of obtaining a customer is exactly the same, and it is irrelevant whether it purchases one piece or five pieces.

The classification of rebates due to a payment method:

- currency rebates – cash – most of us have seen cash rebates, which means that the discount is given in amounts. For example, we receive a PLN 50 discount when purchasing an X product. Even if this is a percentage discount, it is still a cash discount only that is expressed as a percentage. It usually takes two forms. The most common form is the so-called "upfront discount", which means that we get the discount before purchase. The second rebate type is the so-called "downside discount". This type of discount is most commonly found in trade negotiations, when a contractor receives a discount on its purchases after completing a large order. The rebate amount is calculated based on the order quantity.
- Currency-free rebates – this is the case when the settlement between counterparties takes place without cash. This is the type of rebate where the value of your purchases or part of your purchases is credited to your points. One may meet them under the name of a "loyalty card" or "loyalty program". One of Poland's biggest point programs, PAYBACK offers you points in exchange for shopping in certain stores.

The classification of discounts due to counterparty type:

- rebates in mixed turnover – that is the exchange between the seller and the consumer. We meet with it most often in the store while acting as a consumer.[31] That is, when you go to the store and buy, for example, butter for home on a receipt, then you are acting as a consumer.
- rebates in professional turnover – it occurs when the transaction takes place between undertakings. It will occur when you buy exactly the same butter in the same store, but you buy it for a different purpose. You run a restaurant

31 https://pl.wikipedia.org/wiki/Konsument_(ekonomia) (accessed: 8.01.2021).

and need this butter for your customers, and take an invoice for the butter you buy. We do not give these two examples without reason. In the first case, as a consumer, the discount to be paid will result, for example, from promotional reasons and will not be high because it is due to the quantity and frequency with which you buy the butter. In the next case, as a restaurant, you usually buy more than one butter cube firstly and secondly, you buy much more than the consumer. So, if you buy more and more often, you can count on a higher price discount. There is no ideal type of counterparty to work with. It is therefore worth considering the rebate policy according to the type of counterparty, because one of these groups may not be profitable.

The classification of discounts due to the place of calculation:

- catalogue rebates – this type of rebate is probably the most common and we can see it in an online store when, after entering a product category, we can see that there is a discount on a specific product sub-group. Another example would be the automotive industry, where, when we arrive at a car dealers, we receive, for example, a discount of 1% on the price of the vehicles from the catalog.
- Shopping cart rebates – when ordering – it occurs just before the payment. Once you have completed your order, i.e. put all the products you want to purchase into your shopping cart, your dealer gives you a specific discount. These discounts can take different forms, ranging from the simplest one, that is, we get 10% off, free delivery of purchased products to the offer that we can additionally choose one extra product for a PLN 1.

7. Conclusion

In conclusion, based on the discussion presented above it can be clearly stated that rebates definitely serve to gain a dominant position for the company, and they require a number of criteria to be met. The granting of rebates by the company is closely connected to the transaction. The factors to be taken into account when assessing the rebate policy are: the reference period under which they are to be settled, market share of the leader and its competitors, transparency of the rebate system (in particular, the rules for granting and determining the amount).

The company's rebate scheme may constitute an abuse within the meaning of art. 82 EC if, on the basis of a general assessment of all the circumstances of the case in question, it appears that the rebates may have an economically justified exclusionary effect, account being taken in particular of the criteria and conditions for granting the rebates, the conditions of competition prevailing on the relevant market and the position of the undertaking having a dominant position on that market. Care should therefore be taken while constructing a discount policy, as there is no definition, no concepts and indicators used to describe rebates and the methods, techniques and tools by which the further research can be applied and carried out. This will change as technology and technical capabilities for information processing evolve. However, as has been shown in practical examples, they have given the firm an opportunity to achieve a dominant position, which suggests that companies, and science, will be moving toward further research and development of rebates. In the light of these conclusions, further research in this direction should be considered and conducted.

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Building Brand Image among Modern Individual Customers – Case Study of Starbucks Corporation

Budowanie wizerunku marki wśród współczesnych konsumentów indywidualnych – studium przypadku Starbucks Corporation

Streszczenie. W niniejszym studium przypadku przedstawiono problemy oraz wyzwania związane z budowaniem wizerunku przedsiębiorstwa Starbucks. Firma tworzy strategie marketingowe oparte zarówno na marketingu masowym, jak i na marketingu segmentacyjnym. Mając na celu wykreowanie pozytywnego wizerunku w oczach określonych typów klientów indywidualnych, firma identyfikuje przeszkody i problemy oraz podejmuje działania mające na celu nie tylko kreowanie komfortowych, nowoczesnych miejsc, które są atrakcyjne w oczach klientów, ale także uatrakcyjnienie procesu dokonywania zakupów poprzez usprawnienie dystrybucji produktów i usług, dostarczenie produktów odpowiadających potrzebom klientów oraz ich właściwą promocję dzięki różnorodnym formom reklamy. Poniższe studium przedstawia zarówno obecnie wdrażane sposoby budowania relacji firmy z klientami indywidualnymi, jak i propozycje przyszłych rozwiązań w tym zakresie.

Słowa kluczowe: budowanie wizerunku przedsiębiorstwa, zarządzanie marką, marketing masowy, marketing segmentacyjny, zarządzanie klientami, lojalność.

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1. Introduction

Starbucks is a company that started in the mind of three people with only one store, growing slowly but steadily, by providing the world roasted coffee to consumers. However, eleven years later, Howard Schultz arrived to the company, overcoming several limitations with its business vision, as it was by implementing the Italian culture in spite of a lot of exceptions from their partners. Then, a lot of innovated ideas were coming into action inside the company, implementing more variety of products, trying with different marketing strategies, going from the trial and error, detecting customer's preferences and trying to cover a greater market niche. Facing criticism and eliminating competitors, Starbucks was positioning itself as one of the best big coffee stores overseas, moving from being a small coffee store on the United States to a be the best place chosen by people from much countries to have a nice experience even working there or having a sharing time with friends. This is the result of the efforts made by Starbucks to care about their clients, make them loyal to their products and to their service, even though, they also have some important items which need to be improved as it is the service and information provided through the mobile app or the strategy chosen to assure each customer receive the value added the company is able to hand, moving through the traditional and modern people, attending to each need of each kind of market segment. In this chapter the reader will find how Starbucks has reached out such expansion and such position in the coffee industry.

2. Characteristics of Starbucks Corporation, strategy and target group selection

In the industry of specialty coffee, Starbucks Cooperation is one of the leading roasted retailer and marketer. Its global food print expansion includes approximately 7,300 coffee shops and kiosks in the United States and nearly 3000 in 34 other countries with the largest number located in Asia (Taiwan, China, Japan), Europe (Germany, Italy), New Zealand and others.

Starbucks does not only offer variety of coffees and coffee drinks but also teas, pastries and other food items, surprisingly along with music CDs. Embracing that digital innovation, Starbucks now offers these products via online channel whilst keeping in touch with its traditions of mail order. One of numerous company's benefiting qualities is the ability to create joint ventures, e.g. with Pepsi-Cola company (bottles, Frappuccino, beverages and Starbucks Double Shot espresso drink which are sold through distribution units) and as set partners with Kraft foods INC. That company sell Starbucks' whole bean and ground coffee to grocery merchandise stores.

These days coffee has turned out to be not just coffee, it has rather become an energizing element which helps its fellow consumers to cope and survive in this fast-phased universe. Starbucks, however, took the perspective on coffee to new heights. This coffee brand was founded by: Jerry Baldwin, an English teacher, Zev Siegl, a history teacher and a writer Gordon Bowker – who were adamant in providing the world roasted coffee to consumers. The first Starbucks store was established in Seattle's Pike Place Market Washington, 1971, but it supplied only roasted coffee, not brewed coffee.

One of the most historic events related to Starbucks is that outsourcing of coffee beans began as early as in the 1960s when Starbucks' coffee quality had decreased. However, Gordon Bowker overcame this issue by purchasing coffee beans in Vancouver, British Columbia. They discovered that business with supermarkets meant compromising quality in order to lower prices and for that reason Starbucks needed to sell directly to consumers who were educated enough to know why the coffee they were buying was superior.

Years later, in 1982 Starbucks hired Howard Schultz to assist the company's retail sales and marketing, Howard on returning from a business trip to Italy was inspired to bring the Italian coffee culture to the United States. Yet, the founders were skeptical of the idea, as a result of which he left his position as a marketer and retailer of Starbucks to open his own coffee bar to establish the Italian coffee culture.

In August 1987, Starbucks had already accumulated six stores which Howard bought for 3.8 million dollars, and then merged his Italian espresso bars and Starbucks stores turning them into the Starbucks Corporation.

Starbucks' roasted coffee sales grew from 50 million in 1983 to 500 million dollars over a period of five years. Further, the company innovated its way of selling to customers by introducing mail orders.

The growth of Starbucks Corporation began regionally, then grew nationally until the late 90s when it decided to venture overseas for the first time.

In spite of the countless failures of events Starbucks announced that they would buy more certified coffee with farmers who grew their crops, and would receive more than the market price from the crops purchased. Sometimes Starbucks paid as high as 3 times the 30 cents per pound they typically received. This was done to overcome the publicized allegations that the coffee company was buying beans from the wholesalers who were paying poverty wages to coffee bean far.

Starbucks is one of many extensive coffee retailers in the world. Now in time, the company is relying on their retail expansion along with the product and service innovation to keep growing and succeeding in the industry. To achieve these strategies, Starbucks has opened more new stores in both existing and new markets throughout the years. The fundamental strategy for Starbucks amongst many strategies of growth and success is through retail extension along with product and service innovation.

In the early 2000, it introduced Starbucks' card, a stored-value card that customers could use and reload and also wireless internet access at their stores. Since then, Starbucks continued its extension in beverages line and combined credit and stored-value card as well as continued in acquiring more Starbucks' locations. In addition, Starbucks expanded in 2004 with the launch of Starbucks music media bars at selected Starbucks stores.

Starbucks success in breaking into the coffee industry and changing the outlook of coffee bars are due to the strategic segmentation positioning and targeting. That approach should be explained a little further.

Starbucks segmentation is divided into three factors i.e. demographic, psychographic and geographic segmentation. Under demographic there are two groups, one is formed by customers who are between 25–40 and have a high income level; the second one includes customers between 18–24; the psychographic segmentation consists of customers from upper-middle class, and well-off customers who were educated.[1] As for the geographic segmentation it is related to attaining better understanding of Starbucks location along with its market size in that specific region and climate.

With regards to positioning, Starbucks has been hard-working in being a company with high standard in the coffee industry and in differentiating between their competitors. So, it is continuously innovating and creating new products and enhancing their quality service.

Starbucks uses three types of positioning which include mono segment positioning, adaptive positioning and standby positioning.[2]

Mono segment positioning is focused on a specific single market where a determined product is marketed only for it. One example of this is the giant coffee machine that Starbucks uses only with the premium customers, named so because they are willing to pay additional cost for an extra value in the product bought.

In adaptive positioning, the brand is continuously following the customers' needs and wants to know the bases of their next innovative and new developments

1 L. Rafii, *The Starbucks or McCafé Crowd: Who Counts More Politically?*, "Huffington Post", 11 December 2013, http://www.huffingtonpost.com/ladan-rafii/the-starbucks-or-mccafec_b_4262104.html (accessed: 14.07.2019).

2 J. Dudovskiy, *Starbucks Segmentation, Targeting an Positioning – Targeting Premium Customers with Quality Products and Service*, https://research-methodology.net/starbucks-segmentation-targeting-and-positioning-targeting-premium-customers-with-quality-products-and-service/#_ftnref1 (accessed: 14.07.2019).

for these clients. Consumers are looking for healthier products to care for themselves and avoid future illnesses, that is why Starbucks has been launching products for this kind of people. For instance, the Chai Tea Latte has less calories than before (now 103 calories), the Iced Americano has just 11 calories and some other coffees and related products try to make the brand more attractive and let customers know that the company worries about their clients.

Standby positioning, where a brand has, as its name says, products on standby. A product on standby is the one the company is announcing with all the detailed information about its characteristics and the marketing program that is to be used in the near future when this product is launched. This is a method of reducing the response time, so there is a plan created in advance with all the products and their detailed information and they wait while the demand is found. In Starbucks' case the product we talk about is Frappuccino.

Starbucks target market is from middle to high-income office workers with a desire to purchase premium products. Target segmentation requires a mass market approach through designing a distinct marketing and products programs for the different segments.[3] Nevertheless, Starbucks has been using just one marketing strategy for all the segments, but then under the consideration of all the segments as a single one, the company is using the mixed marketing but the question is whether it is enough to satisfy each customer.

However, not much can be said with regards to Starbucks' approach to instilling the Starbucks spirit visually. Starbucks gives good service in terms of many countless customization activities, i.e. writing the customers' name on the beverages, quality product in the way of using healthy ingredients and materials, yet, they lack attributes of imprinting excitement unto the customers or possible potential customers via advertising.

Starbucks as a coffee empire has direct and indirect competitors such as Costa Coffee, McDonald's McCafé, Dunkin' Donuts, Tazo, Twining and others. Dating back to how Starbucks dominated the coffee industry, besides offering the best quality coffee, Starbucks bought out many small, new, struggling coffee companies and dominated the industry at the same time eliminating competition.

3 M. Lynn, *Segmenting and targeting your market: Strategies and limitations*, Cornell University, School of Hospitality Administration 2011, http://scholarship.sha.cornell.edu/articles/243 (accessed: 14.07.2019).

3. The brand image problems of Starbucks Company, challenges in building relationships with customers and proposals for future actions

Starbucks is one of many best coffee brands and has come to realize over a period of time that it can't be comforted by the fact that they are preferred or known for offering the world's greatest coffee.

Big companies with a lot at stake are always under high scrutiny of the public and most commonly non-consumers, which is why one can easily assess that everything done by Starbucks is warily opposingly narrated. Why does this happen? That is an answer which can't be easily produced but Starbucks should be concerned to resolve it. For instance, Starbucks had a lot of bad publicity and instead of improving these matters, they chose a strategy of solve and avoid. For instance, an incident where Starbucks was active in its endeavors of building Starbucks stores across the globe and reaching a set target. Critics were eager to accuse them of aggressive take-over of locals and owners of small coffee shops and ill intent for their building well-established stores near local coffee stores to siphon sale. Another example is the advert they had on billboards which displayed two cups of Starbucks slushy drinks, with a dragon fly approaching the drinks, as a consequence the public called them out for being insensitive to the 9/11 event (a terrorist attack in which both World Trade Center towers collapsed), in which 3000 people lost their lives. To make matters worse, the billboard slogan was "collapse into cool". The list regarding bad publicity faced by Starbucks is very long.

Looking into these historic incidents, it is quite difficult, albeit, yet not impossible to assume why these incidents occurred. One can easily realize that is either a lack of research and understanding of their market base or failure to keep track of matters which affect their fellow customers, or have affected their customers. Such issues faced by companies which built their image on quality could be avoided by good critic teams, and easily detected before being displayed to the public. However, in this background we feel that it is time for Starbucks to focus on their advertising and business interior structuring approaches because they are neglected for unknown or unclear reasons. Important factors to be considered is that their impulse on building Starbucks coffee bars has now become saturated. Their new customer perceived experience is that their first approach to this brand could be blindsided. For instance, when going to Starbuck's application there is a remarkable lack of information about the company itself, about the lack of disclosing basic ingredients used in producing the products, which is relevant for people who suffer from allergies or other intolerances, its prices and other facilities which customers in the current globalized world are used to finding in a company's mobile applications for online orders. This is a crucial moment where the customers should feel attracted and motivated to know more about Starbucks, should feel like going to their stores or in other case just feel satisfied with the service offered through this tool.

It is quite is easy for big companies like Starbucks to effortlessly omit certain minor, yet of great impact, issues. Such companies try to spread out doing multiple activities chasing after a common goal of achieving success and customer perceived value.

The first bottle neck is one of their mobile apps which grants its customers the ability to order and pay using the app, track their rewards and keep track of purchases made. Starbucks should actually invest more in this to enhance the services offered for their customers by having countless tools such as automated system which helps customer update their mobile app. Some issues arise from a lack of system updating and they also should consider their customer segment which is forever caught-up in their fast-tracked lifestyles. This mobile app should also include information regarding the company from the background to the most current or futuristic ideas and offered products, basically from time to time revamp the operating systems usefulness of the mobile app beside it being just an insufficient, unreliable purchasing tool. This is of significance because information allows customers to be well-informed about products offered in a Starbucks coffee store; if they consume it and if it is affordable, basically to make a well-informed decision. This makes Starbucks show itself in a good light for it enables customers to feel that the company is well organized and tries to remain on the top of things.

Starbucks also endows the technological tooling, where customers get to see products offered by Starbucks, however, the downfall for this is that most Starbucks beverages per say are not globally provided, for instance, the pumpkin spice latte. That shouldn't be the case, instead Starbucks should showcase a united front in terms of offered products, especially if it is a well-established seasonal drink. What we trying to say is that Starbucks should provide all of its American based beverages considering that it is the origins of Starbucks, however, catering to regions in which it is based, e.g. Starbucks in Turkey should offer all known Starbucks beverages from roasted coffee, Frappuccino's, lattes, teas and incorporate Turkish signature drinks tactfully without offending local coffee stores.

Looking at Starbucks' history and their efforts to open Starbucks coffee bars, it must be noted that they erased a lot of companies which they could have merged with, by remaining the major brand and shareholder while providing drinks with locals for the locals. And it cannot be forgotten that they should now hire employees who are bilingual and patient to attract most of the tourist regions, for it is quite challenging to be in a foreign country and then having the struggle of placing a correct order, or even trying to customize your order i.e. people who are milk intolerant or have allergy reaction to certain products.

The next part presents the structuring of Starbucks as most, if not majority, of Starbucks customers are either corporate workers or students. That is why it is quite important for Starbucks to build or provide furniture which allows them for some comfort to accompany their good coffee. An ideal solution of Starbucks would be a place where there are both wide and narrow coffee tables, cubicles for groups who want to host an intimate meeting or do some group work. A chilling lounge where big sport games can be watched by their customers instead having to always settle for pubs to do so would be also a good idea.

Starbucks could actually design their stores in ways which instills a sense of relaxation, comfort and yet modern feel. Considering that Starbucks has a large market share and a great number of customers, it should attempt to build Starbucks stores just like their first one, as we know customers don't like queues, especially during rush hours. Additionally, their customers want to enjoy their leisure time and wouldn't not be pleased at the sight of crowds near them shuffling closer to getting their Starbucks drinks. To change this Starbucks could have a waiting area, sitting area and cubicles for group gatherings and for a greater customer satisfaction they might have a big screen which shows soccer league for their soccer conscious customer-base.

This company takes advantage of marketing strategies, namely it is focused on mass marketing and segmentation marketing in order to cover all the needs of every kind of customer and not just a determined group. Mass marketing means that they could get a reach of current customers and potential customers and while targeting on a segmented market, they should not use just newspapers and tv for advertising, but also social media.

Advertising is a tactic in marketing which involves paying to promote their products, services or cause in order to provide a direct line of communication to the company's existing and prospective customers regarding the product offer. The main goals of advertising are:

- to reach people most likely to be willing to pay for the product or service and entice them to buy;
- to create in them a desire for offered products;
- to use a magnetic pull for customers to business;
- to enhances the image of the company.

Current times have extended means to advertising, from traditional advertisements (newspapers, tv, magazines, radio) "which often can be quite expensive" to unconventional advertising. These include:

- digital advertising – the company could advertise their products in digital market platforms, via websites, electronic newsletters, you tube videos;
- seasonal/occasional advertising with the pop-up stores i.e. placing a small stall which offers a signature sample drinks and new drinks to try. This methodology allows the company to develop a closer catering relationship with its customers;

- Instagram zone in cities in which Starbucks is located, however, it should incorporate native region traditions. i.e. Starbucks could use the meaningful dates such "a country's Independence Day", this allows the customers' for participation and benefiting the company's sales and reputation;
- in terms of social networks Starbucks could incorporate a more customer orientated touch, i.e. whereby hashtag reaction challenges to their drinks;
- loyalty benefits for regular customers, this when Starbucks prioritizes them in events hosted by Starbucks with the aim of campaigning for the company. In this point, they could give their suggestions too Starbucks.

4. Conclusion

Starbucks is a company which has come across every obstacle mentioned above. They are meant to be faced by companies irrespective of being new, old or well-established. However, big companies like Starbucks often have much to lose because of the great partnerships, the great market base they target, their great quality products they require to operate smoothly, therefore allowing Starbucks to eliminate elements which can cause a negative image to their stores, all in the name of preserving its position in the industry. The elimination of obstacles is actually limiting one's growth to better heights, rather it is best for one to walk through these obstacles: identifying problems they are faced with or dealing with, research solution, finding ways to overcome the problem or finding better ways to handle and avoid occurrence of this problem; select a solution, from the received solution there is always the most efficient and reliable solution from a pool of answers to a problem; execute solution, this is to allow the chosen solution to be carried out so to see its effects or reactions to this faced problem and evaluate the effect of the solution i.e. to study if the effect is what is required by the company for the problem and how much it costs the company to enforce the selected solution.

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List of charts, tables and figures

Książka stanowi prezentację teoretycznych założeń dobrych i najlepszych praktyk zarządzania marketingowego oraz przykładów ich implementacji w biznesie. Dobrane przykłady stanowią ilustrację aktualnych wyzwań, jakie stoją przed organizacjami polskimi i międzynarodowymi, a także odpowiedzi organizacji *for profit* i *non profit*, które mogą stanowić wzór do naśladowania dla innych podmiotów. Publikacja stanowi kontynuację podręcznika wydanego pod redakcją Grażyny Golik-Góreckiej pod tytułem *Mariaż nauki z praktyką. Najlepsze praktyki zarządzania marketingowego w polskich i międzynarodowych przedsiębiorstwach. Studia przypadków* (Wyd. UŁ, Łódź 2020). Niniejszy podręcznik powstał dzięki współpracy pracowników naukowych z Katedry Marketingu na Wydziale Zarządzania Uniwersytetu Łódzkiego, praktyków biznesu oraz byłych już studentów programów Erasmus i Mobility, którzy uczestniczyli w warsztatach „Marketing Management in Practice" na Wydziale Zarządzania UŁ.

Publikacja zawiera ciekawe studia wielu przypadków z różnych obszarów społecznych oraz gospodarczych. Analizy te są atrakcyjne z wielu powodów – metodycznych, poznawczych, a także są ważnymi ilustracjami procesów, które można wykorzystać w dydaktyce. Prezentowane przypadki mają też wartość pragmatyczną – mogą służyć praktykom prowadzącym różnorodne przedsiębiorstwa.

Z recenzji Jacka Otto

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