

## CERAMIC CENTER IN KUNSTAT

Team 29

The main goal of this work is to analyze the market in the Czech Republic and in other countries where is possibility to export our goods. If there are markets where it would be profitable to sell ceramic products then this work will also include description of the ceramic center, its financing, promotion etc.

The market in the Czech Republic is not in a very good shape, especially after crisis in 2009. Generally, before 2009 the profits, exports and incomes were increasing in ceramic industry. After 2009 there was a fall by approximately 20%. The employment in this sector was decreasing before 2009 already and the crisis only increased the rate of this fall. This causes lower competition in ceramic industry in the Czech Republic. This is not only positive thing – even though there are less competitors there has to forces in the market that cause this. Even though there are these issues at Czech market, the Kunstat's ceramic center can fill the gap in the market. There is no big organized company that focuses on ceramic for gardens and artistic ceramics. The biggest companies in ceramic industry are in the table below.

Company	Number of employees	Income (in thousands CZK)
LASSELSBERGER, s.r.o.	1641	3 304 690
P-D Refractories CZ, a.s	631	1 264 130
LAUFEN CZ, s.r.o.	625	1 722 684
SEEIF Ceramic a.s.	618	672 996
Ideal Standard s.r.o	529	625 023

In the case of foreign markets there were at first picked all potential markets. Then they were analyzed according to competition in given country in ceramic industry, the development of export and import, the culture and state of gardens in given country – if citizens of given country prefer gardens with a lot of decorations or they rather like just a plain garden with flowers. It is also important to take into an account distance and logistics costs and purchasing power of people. According to these factors the optimal markets were picked and suggested for import of ceramic goods. In European Union there were countries as Germany, Austria, Benelux countries, France or Russia. There is also possibility to import goods into American and Asian markets but this is a case of future development. At beginning it is not optimal to focus on such a distant markets. At first it was expected that United Kingdom will be a good country to import ceramic goods. After research it was found that it is not. The reasons were decreasing export into a country, big troubles on ceramic industry in the country and also a big and organized competition supported by local unions.

Then we looked at possible substitutes of our ceramic productions. Ceramic products were divided into two groups – artistic and common. Both of these groups have similar substitutes. The main products that were distinguished as possible substitutes were wooden, metal and cermet products. Substitutes are not only the competition for ceramic center, it is also an inspiration. For example metals and ceramics can be combined into sellable products.

Then there was an analysis of potential customers. In this case Czech customers were described, the work doesn't include analysis of potential foreign customers. Generally – nominal wage is increasing even though currently the rise is lower. According to the Czech Statistical Office the spending on accessories for households are approximately 600CZK per person per year. Potential customers of ceramic center are also hotels (especially hotels with 3 or 4 stars). The number of these hotels is in the Czech Republic steadily increasing. That is a positive fact for this project.

Another part of market analysis is a market segmentation. Generally the market can be segmented into three groups – natural persons, legal persons and government. In the segment of natural persons it would be beneficial to look at the segment of households with income higher than the average in the Czech Republic. Another potential group is a group of people with terrace or balcony. Ceramic center may focus on these facilities and design products that would fit at these places. At this group we see a big gap at the market.

In market analysis was found out that market in the Czech Republic is not in optimal state in ceramic industry but there are many positive trends. There is not very strong competition in given sector of industry and ceramic center would come up with something new. Therefore establishing the Ceramic Center in Kunstat would be a good idea and it would find its place at the market. After decision of supporting idea of center's entrance to the market, there has to be established some general idea how the center is going to work.

The biggest part of the work is a suggested vision how the ceramic center should work, how should it be finances and what activities should it perform. Big part of the work focuses on marketing strategy also.

General goals of the center are to help spread out information about Kunstat's pottery and also Kunstat's region. It will support coordination, marketing and spreading of information for members of center. Secondary goal is a propagation of pottery as a free time activity. To achieve these goal the center is going to offer propagation activities, lectures about pottery, attendance at cultural and social activities. It will cooperate with government. To organize learning activities, excursions and exhibitions would be beneficial also.

The center is going to offer several services for its members. An example of such a service is a marketing, access to information, coordination, cheaper material (coordinated purchases of bigger quantities). The center is going to support free time activities also. Free time activities

are activities as camping for children, pottery workshop for public, educational trips for schools and kindergartens or cooperation with students of special pedagogic and making workshops for disabled people.

At first the center will operate with one employee. This employee should be some educated manager with experience. There is an assumption of high wage for this person because he has a lot of responsibility and a center is going to depend on him a lot.

Financing of the center is a very important part of this work. At beginning the money can be from European funds and from the support of the Czech government. There will also be payments from members. These payments may be fixed or variable. Variable payments would be a percentage of sold goods. At beginning the center would be a non-profitable organization. Later the structure of center can change and the type of organization would be Limited Liability Company or Joint-Stock Company. The costs were divided into two groups – one-shot costs and long-term costs. One-shot costs are the costs connected with the establishment of company. They were calculated to be approximately 50 000 CZK. Other costs were calculated yearly. The work includes three variants – optimistic, neutral and pessimistic. The range of these costs is from 600 000 CZK to 800 000 CZK. The biggest part of this budget is the costs of employees (in this case just one employee).

The biggest part of the marketing and promotion is online presentation. Our team suggested template of the web pages. Customers should be able to find online basic information as contact, phone number, catalogues, names of artists, price etc. Web page should be designed well so it would be easy to find necessary information. The web pages need to be promoted as well. Suggested places for it are catalogues, web pages with similar theme, paid search words at Google etc. Another way how to promote the center is advertisement in TV and in magazines. There is many magazines connected with our goal and direction. Suggested titles

are “Zpravodaj zahradnických center”, “Zahrada-park-krajina” or “Moje zahrádka”. These magazines have very low costs on PR articles and the audience is very close to our target group. Educated public can be informed through magazines like “ABS” or “Ateliér”. Price for such a propagation is relatively low. Center has to contact gardening centers and architects. There are two types of architects that would be beneficial to contact – gardening and house. In all of these distribution channels center has to at first be contacted. Then there has to be some agreement – for example part of profit for promotion of our products. These arrangements are going to be done separately with each center and each individual. Another way how to promote products of center is TV channel. Better than advertising spots is cooperation with documents and shows that are focused on gardens and housing. Possible shows are “Bydlení je hra”, “Jak se staví sen” or “Receptář prima nápadů”. Beneficial would be also cooperation with local ZOOs and botanic gardens. At these places there is usually a lot of decorations and it is displayed to hundreds of people daily. These facilities have to be contacted directly and bargained separately. There is a big potential – ceramic center would benefit from this deal by increased consciousness of public and gardens would benefit in nicer surrounding for reasonable price. Another way of increasing consciousness are promotional videos. Draught of these videos was made and may be found in the full version of the thesis. Shortly the whole work includes market analysis of ceramic industry and suggestion on working of the ceramic center in Kunstat. This analysis was done for project MUNISS in year 2013. The topic of this project was “the use of industrial site for small craft”.

