UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER THESIS

EVALUATING COMPANY POSITIONING AND CUSTOMERS' PERCEPTION OF ŠKODA AUTO IN SLOVENIAN MARKET

(VREDNOTENJE POZICIONIRANJA PODJETJA IN ZAZNAVANJA KUPCEV AVTOMOBILOV ŠKODA NA SLOVENSKEM TRGU)

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IZJAVA

Študentka **Ana Lukner** izjavljam, da sem avtorica tega magistrskega dela, ki sem ga napisal/a pod mentorstvom **prof. dr. Vesne Žabkar**, in skladno s 1. odstavkom 21. člena Zakona o avtorskih in sorodnih pravicah dovolim objavo magistrskega dela na fakultetnih spletnih straneh.

V Ljubljani, dne _____

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1. INTRODUCTION

1.1. PROBLEM DESCRIPTION

Business world is developing extremely fast and as a result, it is normal that companies are operating globally, that things are moving at an extreme paste, that markets are characterized by hyper-competition, that disruptive technologies are challenging every single company, and that company must adapt to the empowered employee. Such global economy is based on the Digital Revolution and the management of information and, therefore, there is a whole new set of capabilities in the hands of customers as well as companies. Today, customers have much more than in the past: substantial increase in buying power, greater variety of available products and services, great amount of information about particularly anything, greater ease in placing and receiving orders, and an ability to compare experience about products as well as services (Kotler, 2003, pp. 1-2). As we can see, the marketplace is not what it used to be because it is changing radically as a result of major societal forces such as technological advances, globalization, and deregulation (Kotler, 2003, pp. 27).

In that matter, also countries in transition, such as Slovenia, are approaching the end of their transitional era and becoming a part of the global business environment. Slovenia is an advanced transition country, with a high GDP per capita, solid growth, low inflation, the first Central and Eastern European (CEE) country to adopt the Euro in January 2007 (The European Bank for Reconstruction and Development, 2006). Slovenia's high income levels are in part the result of very high pre-transition standards of living, the highest among all transition economies (The World Bank, 2006). Transitional markets have been evolving extremely fast in order to keep up with technology, competition, and global standards in general.

Car industry is a very dynamic industry sector. However, at the same time it has a strong momentum, which makes it possible for a car company to catch up with competitors within a month or a year, if it works hard. Therefore, it is crucial for any car company to foresee and assess the desires from its customers sufficiently ahead in order to meet their desires. It is also vital for a car company to establish a solid as well as strong position in different markets to keep a positive brand image (Škoda Auto, 2006).

Companies, such as Škoda Auto, present in transitional countries, where transition era is ending, should start to adapt its company positioning to the current situation - according to Western positioning procedures. These transitional countries should be treated as Western countries, because these markets represent a strategic opportunity for growth markets and locations for production sites (Rädler, 2005, pp. 1) now as well as in the nearest future.

Since the fall of the Berlin Wall in 1989, the countries of Central and Eastern Europe have come a long way (Rädler, 2005, pp.2). The car industry of Central and Eastern Europe tells a dramatic tale of economic and political competition in a period of transition and

transformation (van Tulder, Ruigrok, 1998, pp. 3). While the road into the market economy and multi-party democracy was a rocky one, today Škoda Auto represents an example of a highly successful transformation (Rädler, 2005, pp. 2).

As Škoda Auto also comes from a transitional country, it should be easier to adapt its company positioning in a Slovenian market, where transition is as well approaching the end. In that master thesis, I was investigating Škoda's situation from two different perspectives; first from the company point of view through target marketing, and then from customers' point of view; I was researching what Slovenian customers think of Škoda Auto and of its brand image. Based on their responds, I was able to suggest what kind of company positioning, perception as well as brand image changes would be more appropriate in that market.

1.2. PURPOSE AND OBJECTIVES OF THE MASTER THESIS

Škoda Auto is the third oldest car manufacturer in the world and it developed its first Škoda car in 1926. At that time, Škoda Auto was known for its sleek, elegant, and powerful cars. However, during the Czech communist regime, Škoda produced cars that were cheap and low in quality. 15 years ago, Škoda Auto was still perceived as a low quality car, with poor brand image, and way too inexpensive (Srivastava, 2003a, pp. 3-11). In fact, the Škoda Auto brand was seen as a joke (Rädler, 2005, pp. 2). After acquiring an initial stake of 30 percent in Škoda Auto in 1991, Volkswagen raised its investments gradually, improved the product range and geographic coverage, as well as organizing a real knowledge transfer between both companies. In 2000, Volkswagen took full ownership of Škoda Auto and soon after Newsweek reported that Škoda Auto was Europe's fastest-growing car manufacturer winning many car prizes for its quality and design (Rädler, 2005, pp. 2-7). Today, Škoda is a car with high quality and it regained its standing in the global car industry (Rädler, 2005, pp. 7). The only problem is that it is hard to change customer's perception of Škoda Auto and its brand image, since customer perceptions of Škoda Auto remained tainted by the past and its image as a producer of poor quality (Srivastava, 2003 a, pp. 6).

The master thesis is studying the current market positioning of Škoda Auto in Slovenian market, how Škoda Auto is perceived by the Slovenian customers, if Slovenian customer perception has changed during the years, and how Škoda Auto could improve customers' perception as well as its brand image by adapting its positioning in Slovenian market.

The purpose of the master thesis was to theoretically and empirically examine the company positioning and the customer perception of Škoda Auto in Slovenian market. Therefore, a prime objective of the master thesis was to align the brand image of Škoda Auto along with quality and new product by analyzing the Slovenian market in depth (purchasing power, GDP, number of inhabitants, number of cars, available income, social status, what cars are bought, etc.) in order to find out where company's current positioning and customer's perception could be improved. The empirical research reveals, how well is Škoda Auto perceived by

Slovenian customers, which also tells us, if current Škoda Auto positioning is appropriate on that market or not.

1.3. HYPOTHESES

In the following chapters, Škoda Auto will be compared with Audi, Volkswagen, Renault, and Citröen. For these cars we presume that they are, based on technical as well as other characteristics, equal to Škoda Auto. Also, these cars were chosen, based on six in-depth interviews and pre-testing, as Škoda's biggest competitors in Slovenian car market. Škoda was compared with these car brands based on the following criterion:

- good value for money,
- quality,
- reliability,
- safety,
- wide service network.

H1: Škoda Auto is equally positioned among other competitive car brands in Slovenian market.

We are assuming that women do not pay much attention on quality of a car or they do not know about it since likeability is more important for them. Namely, it is believed, that Škoda cars have good quality; however, the design is not very likable. In addition, Škoda Auto does not pay much attention on design and, therefore, we can assume that women do not like the cars as much as men. Therefore, buyers of a Škoda car pay more attention to the technical characteristics, which is more common for men (Ovijač, 2007).

H2: Men grade technical characteristics of Škoda better than women.

We are assuming that Škoda Auto brand still has a rather bad brand image in Slovenia and that there is not enough work done in that field. Therefore, there are still more people in Slovenia that dislike Škoda cars. In order to improve such situation, more marketing should be applied to Škoda Auto in Slovenia (Ovijač, 2007).

H3: The segment that likes Škoda is smaller than the segment that dislikes Škoda.

1.4. METHODS OF ANALYTICAL APPROACH

Methods, throughout the master thesis, were based on the systematic analysis of foreign and domestic literature from the Slovenian National Library as well as on foreign partners such as Škoda Auto Czech Republic, Škoda Auto Slovenia, Automotive Cluster of Slovenia, Automobile Association of Slovenia, etc.

Empirical research was conducted through qualitative and quantitative research methods. Qualitative methods were performed by six in-depth interviews with people that do not own a Škoda car, with people that own a Škoda car, and with Slovenian main Škoda Auto dealership in order to analyze in detail, what these people think of Škoda Auto – what their perception of

Škoda Auto is. Quantitative methods were executed through 300 surveys over the Internet in order to gather the necessary information on Slovenian customer perception of Škoda Auto. Through secondary resources evaluation such as Statistical Office of Slovenia, Faculty Library of Economics Ljubljana, Bank of Slovenia, Slovenian Ministry of the Economy, Institute of Macroeconomic Analysis and Development, etc., I was analyzing the Slovenian business environment, where I was mainly focusing on Slovenian market size, market potential, purchasing power, GDP, income, etc. as well as conduct the PEST analysis.

1.5. MASTER THESIS' STRUCTURE

Major topic of master thesis is positioning and customer perception and, therefore, the theoretical part of positioning as well as customer perception along with some short aspect of branding is presented in the beginning. After the theoretical part, I present a detailed description of Škoda Auto company by introducing the following: Škoda's history, Škoda Auto at present, Škoda Auto within Volkswagen Group, and Škoda Auto international presence. The next chapter is based on the analysis of Škoda Auto positioning and customer perception with branding in the Slovenian market through secondary data evaluation (Slovenian business market – PEST analysis), qualitative analysis (six in-depth interviews), and quantitative analysis (300 surevys through Internet) with hypotheses testing. That chapter is concluded with its main findings as well as research limitations. In the chapter followed, I provide the recommendations for Škoda Auto's more effective positioning, customer perception, and brand image in Slovenian market. Conclusion summarizes the whole master thesis and lets the reader know the most important outcomes from the research.

2. CONCEPTUAL REVIEW ON POSITIONING, CUSTOMER PERCEPTION, AND BRANDING

2.1. INTRODUCING TARGET MARKETING

In order to achieve an effective positioning, a company must develop target marketing. **Target marketing** means that a company identifies market segments, selects one or more of them and develops products and marketing mixes tailored to each (Kotler et al., 2003, pp. 93-95, 354). Through target marketing, a company can define both a market and the tactics used to reach that market (Solomon, 1994, pp. 10). Also, target marketing helps companies to find its marketing opportunities because companies can develop the right product for each target market and adjust their prices, distribution channels, and advertising in order to reach the target market efficiently; instead of scattering their marketing efforts, they can focus on the customers who have greater purchase interest. There are three main steps in target marketing: market segmentation, market targeting, and market positioning (Kotler et al., 1996, pp. 93-95, 354).

2.1.1. Segmentation

Market segmentation means dividing a market into distinct groups of customers with different needs, characteristics, or behavior who might require separate products or marketing mixes. A market segment is a group of customers who respond in a similar way to a given set of marketing stimuli. In general, markets consist of customers, and customers differ in one or more ways. They may differ in their wants, resources, locations, buying attitudes, and buying practices. Any of these variables can segment a market. Because customers have unique needs and wants, each customer is potentially a separate market. Ideally, then, a company might design a separate marketing program for each customer. However, most companies face larger numbers of small customers and do not find a complete segmentation worthwhile. Instead, they look for broad classes of customers who differ in their product needs or buying responses (Kotler et al., 1996, pp. 355).

Market segmentation is effective only, if it creates segments whose members are similar to one another in one or more characteristics and different from members of other segments. A company may choose, depending upon its goals and resources, to focus only on one segment or on several, or it may ignore differences among segments by pursuing a mass marketing strategy. In most cases, it is better to target different market segments. Even though it is easy to identify the "typical" customer based on available statistical information, it is likely that no one fits into that mold exactly. In that case, the issue is whether or not customers differ from company's profile in ways that will affect their likelihood of adopting the products a company offers to meet their needs (Solomon, 1994, pp. 11-13).

According to Kotler et al. (1996, pp. 355-369), there is no single way to segment a market, because a company has to try different segmentation variables, alone and in combination, to find the best way to view the market structure; the following major variables are used in segmenting customer markets: geographic, demographic, geodemographic, psychographic, and behavioral variable (for more detailed discussion see Appendix 1).

Economic, social, and technological trends have made market segmentation more invasive in the last few years. Higher education levels and higher disposable incomes have influenced customers to have a more sophisticated and varied tasted as well as lifestyles. Therefore, customers also have diverse benefit requirements when purchasing goods and services. Furthermore, new, more focused advertising media, such as cable TV, direct marketing, magazines, radio have emerged that can target these customers groups with special interests. Finally, new technologies (computer-aided design, Internet) are helping companies to customize many of their products according to the requirements of the special interests of customers. These economic, social, and technological trends not only make market segmentation feasible, they also make it possible to reach smaller distinct segment. For companies to survive, they must pay more and more specific attention to their customers' precise requirements (for more detailed discussion see Appendix 1) (Rao, Steckel, 1998, pp. 23-24).

Sometimes, not all executed segmentation is useful. In order for a segmentation to be useful, the market segments must be measurable in the size, purchasing power, and other characteristics; substantial, that means large and profitable enough to serve, accessible in a way that segments are conceptually distinguishable and respond differently to different marketing-mix programs, and actionable, so that effective programs can be formulated for attracting as well as serving the segments (Kotler, 2003, pp. 286).

2.1.2. Targeting

Segmentation is followed by **market targeting**, which means evaluating each market segment's attractiveness and selecting one or more of the market segments to enter as the prospect with the highest potential. A company should target segments in which it has a differential advantage over its competitors so that it can generate the greatest customer value and sustain it over time. If a company has limited resources, it might serve one or a few special segments; such strategy limits sales, but it can be very profitable. On the other hand, a large company might decide to offer a complete range or products to serve all market segments (Kotler et al., 1996, pp. 94). In addition, a marketing mix is then developed that will provide the company with the best return on sales while at the same time creating the maximum amount of value to the customers (Keegan, Schlegelmilch, 2001, pp. 223).

A company can hardly ever satisfy every customer in a market because not everyone likes the same drink, hotel room, restaurant, car, university, movie, etc. Therefore, a company starts to divide up the market by identifying and profiling distinct groups of customers, who might prefer or require varying product mixes (Kotler, 2003, pp. 9). As mentioned above, market segments are identified by examining demographics, psychographics, and behavioral differences among customers. Then, a company decides which segments represent the greatest opportunity, these segments become its target markets. For every single target market, a company develops a market offering, which is positioned in the minds of the target customers as delivering some central benefit (Kotler, 2003, pp. 9). Based on the chosen segments, the company can consider five patterns of target market selection (for more detailed discussion see Appendix 1).

2.1.3. Positioning

The final step in target marketing is **market positioning,** which sets the competitive positioning for the product and creating a detailed marketing mix. Market positioning gives a product a clear, distinctive, and desirable place in the minds of target customers compared to competing products. Marketers plan positions that distinguish their products from competing brands and give them the greatest strategic advantage in their target markets (Kotler et al., 1996, pp. 93-95, 354). Positioning is the act of creating the company's offering and image to occupy a distinctive place in the mind of the target market. The result of positioning is the successful creation of a customer-focused value proposition, which implies a cogent reason why the target market should buy the product (Kotler, 2003, pp. 308). There is indeed a close

relationship between **price positioning** and market positioning. A brand cannot be the most expensive in the market in one place and in the mainstream in another. The price level situates the brand in terms of perceived quality, performance, and prestige (Kapferer, 1998, pp. 361). According to Kapferer (1998, pp. 96), with whom I absolutely agree, it is common to distinguish brands according to their positioning, because positioning a brand means emphasizing the distinctive characteristics that make an analytical process based on the four following questions, which help position a brand and make its contribution immediately obvious to the customer. These questions are: "a brand for what", which refers to the brand promise and consumer benefit aspect, "a brand for whom", which refers to target aspect, "a brand for when", which refers to the occasion when the product will be consumed, and "a brand against whom", which defines the main competitors.

In my opinion, positioning is a crucial process because it reminds us that all customer choices are made on the basis of comparison; thus, a brand will only be considered, if it is clearly part of a selection process (Kapferer, 1998, pp. 96). Moreover, positioning is the act of relating one brand facet to a set of customer expectations, needs as well as desires and as these needs change through time, the brand is obligated to follow suit. But within a brand's lifetime these changes in positioning should not happen too often, about every four or five years. However, the brand's means of expression can move faster to integrate with the evolution of fashion (new speech modes, new signs of modernity, and new looks). It is essential that the brand is perceived as up-to-date although such necessary adjustments and changes make the brand run the risk of a loss of identity (Kapferer, 1998, pp. 172). As Kapferer (1998, pp. 96) stated, positioning is a two-stage process. In the first stage, a company must indicate to what category the brand should be associated and compared. In the second stage, it indicates what the brand's essential difference and raison d'être is in comparison to the other products and brands of that category.

According to Ries and Trout (in (Kotler et al., 1996, pp. 410-411), there are three positioning alternatives: strengthen a brand's current position in the minds of customers, search for a new unoccupied position that is valued by enough customers and grab it, and reposition the competition (for more detailed discussion see Appendix 1).

For a company to be successful, companies must ensure that its **brand positioning** corresponds to its core values and the needs of its customers (Salciuviene, Auruskeviciene, Lydeka, 2005, pp. 147). Brand positioning is a process for ensuring that a brand can fight through the noise in a market, and enables the brand to occupy a distinct, meaningful and valued place in target customers' minds (de Chernatony, 2001, pp. 239), so that customers instantly associate a brand with a particular functional benefit (de Chernatony, 2001, pp. 37). A brand position is a super communication effect that tells the customer what the brand is, who it is for, and what it offers (Hansen, Christensen, 2003, pp. 15). Brand positioning is determined by defining the brand's benefits to the customer, opportunities for which the brand is best suited, the brand's target audience, and who its main competitors are. Moreover, it is the part of the brand identity that is actively communicated to the target audience by

demonstrating its advantage over competing brands (for more detailed discussion see Appendix 1) (Aaker, 2005, pp. 176).

A **product's position** is the place the product occupies in customers' minds; customers would have no reason to buy a certain product, if a product was perceived to be exactly like another product on the market (Kotler et al., 1996, pp. 95). Positioning of a product communicates strategy based on the notion of mental space; meaning that positioning also locates a product in customer's mind over and against other products in terms of product or service benefits and attributes that a certain brand does and does not offer (Keegan, Schlegelmilch, 2001, pp. 378). In addition, product positioning can define, a product is perceived relative to its competitors by a relevant group of customers (the target segment). The way that customers form perceptions, process marketing information, and establish product positions in their minds depends on a function of their prior beliefs, knowledge, and experiences. Not all customers share the same beliefs, knowledge, and experience about a certain product and, therefore, different customers bombarded with the same information by form different perceptions and view product positioning in a different way. Consequently, companies should not consider overall product positioning, but rather focus on positioning of the product perceived by various market segments (for more detailed discussion see Appendix 1) (Rao, Steckel, 1998, pp. 36-37).

I fully agree with Kotler's statement that companies do not always position their products in a correct way. If companies increase the promotion number of claimed benefits for their brand, they risk disbelief as well as loss of clear positioning. Therefore, every company must avoid the following four major positioning errors (Kotler, 2003, pp. 311):

- Underpositioning: Some companies realize that customers only have a vague idea of their brand and, therefore, their brand is seen as just another entry in a crowded market place.
- Overpositioning: Customers may have too narrow image of a certain brand.
- Confused positioning: Customers have confused image of a certain brand because the company is making too many changes in their brand's positioning too frequently.
- Doubtful positioning: Customers find it hard to believe that the brand claims in view of the product's features, price, or producer.

When talking about positioning, it is crucial to mention **perceptual maps.** Perceptual maps are a vital part in product positioning and they as well reveal how customers see as well as perceive markets. They show, which products customers see as alike and those that are not and they can also show segments and the dimensions customers use to split up the market (Kotler et al., 1996, pp. 427). These maps are used to help companies visualize how their products relate to other competitive offering in the marketplace (Wilcox, 2003, pp. 1). Perceptual maps are a valuable aid to product positioning since they use multidimensional scaling of perceptions and preferences that portray psychological distance between products and segments, using many dimensions. In their simplest form, perceptual maps show and

explain two dimensions. Furthermore, there also exists multidimensional scaling, which produces maps that show many dimensions at the same time (for more detailed discussion see Appendix 1) (Kotler et al., 1996, pp. 411-414).

2.2. CUSTOMERS

While a company is pursuing its process of positioning, it is essential that it considers its customers' role at the same time. A **customer** is generally thought of as a person, who identifies a need or desire, makes a purchase, and then disposes of the product during the purchase decision process. However, different people may be involved in that process. The *purchaser* and *user* of a certain product may not be the same person, as when a parent chooses clothes for a teenager and makes a choice that can result in "fashion suicide" in the view of the teen. In addition, another person may act as an influencer by providing recommendations for or against certain products without actually buying or using them. Finally, customers can be organizations, in which one person may make the purchasing decisions of a product that will be later on used by many others (for more detailed discussion see Appendix 1) (Solomon, 1994, pp. 8).

As mentioned above, besides an effective positioning, a company must focus on it customers as a vital part of a successful business. Therefore, it is crucial for a company to understand, customer attitudes toward brands, their buying behavior, purchase decision and involvement, their satisfaction, value as well as perceived risk, and their perception.

2.2.1. Customer attitudes toward brands

Customers' attitude is a very important concept in customer behavior because attitudes are learned predispositions to respond to an object. Also, attitudes are important to companies because they theoretically summarize a customer's evaluation of an object (or brand or company) and represent positive or negative feelings and behavioral tendencies. Companies' keen interest in attitudes is based on the assumption that they are related to customers' buying behavior (Belch, Belch, 2004, pp. 117). Attitudes are made out of three components: affect, behavior, and cognition. Affect is the way a customer feels about a product. Behavior involves customer's intentions to do something with regard to a product. Cognition refers to the beliefs a customer has about a product. These three components represent the interrelationship among knowing, feeling, and doing (for more detailed discussion see Appendix 1) (Solomon, 1994, pp. 146 – 155).

2.2.2. Customer buying behavior

Customer buying behavior is the buying behavior of final customers, who buy goods and services for personal consumption (Kotler et al. 1996, pp. 918). Customers tend to choose brands based on their emotional appeal, meaning that marketers are constantly striving to draw such a reaction from their target market; if customers can be made to care about brand, half the battle is won (Simms, 2006, pp.1). Customers are faced with three primary changes

impacting their shopping behavior: the amount of content available, tech advancements, and increased retail options (Black, 2006, pp.1). Customers' use of brand name and price when evaluating prestige raises important issues; if taking cars as an example, high price signals prestige to customers (for more detailed discussion see Appendix 1) (Brucks, Zeithaml, Naylor, 2000, pp. 21).

Today, companies are realizing that customer behavior is an on going process; not only what happens at the moment a customer hands over money or a credit card and in turn receives some good or service. The exchange, where someone gives and receives some value, is an integral part of marketing. Understanding consumer behavior is good business since companies exist to satisfy customers' wants and needs (Solomon, 1994, pp. 7). Therefore, it is very important to understand the buyer behavior, treat customers right, and offer them quality that justifies their loyalty (Johansson, 2006, pp. 205). According to Kotler et al. (1996, pp. 270-284), customer purchases are strongly influenced by cultural, social, personal, and psychological factors. Cultural factors exert the broadest and deepest influence on customer buying behavior and, therefore, it is crucial for companies to understand the role played by the customer's culture, subculture, and social class. Social factors - customer's buying behavior is influenced by social factors, such as the customer's small groups, family, and social roles and status. These factors can strongly affect customer decisions and responses. Personal factors - customer's buying behavior is also influenced by customer's age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept. Psychological factors - then, customer's buying behavior is influenced by motivation, perception, learning, and beliefs and attitudes (for more detailed discussion see Appendix 1).

It is important to define **brand switching**, which is a buying behavior pattern characterized by a change from purchasing one brand to a different brand (Peter, Olson, 2002, pp. 547). When customers are no longer loyal to a certain brand, they engage in brand switching because they become dissatisfied or simply bored with a product. Furthermore, in a number of product categories, especially in low-involvement products (cereal or dishwashing liquid), brand loyalty is very rare (Schiffman, Kanuk, 1983, pp. 193). Customers are quite often observed to engage in brand switching, even if their current product brand satisfies their needs. The reason for that is that customers sometimes just like to try new products – they are interested in variety seeking. Such propensity of customers to switch brand choices over time means that companies can never rest convinced that once they have won a customer, he/she is necessarily their forever (Solomon, 1994, pp. 226). Therefore, companies need to influence brand switching by offering special deals (eg. coupons, discounts, or cent-off offers) in order to persuade customers to stop switching brands. However, after the special offer ends, customers start brand switching again (Schiffman, Kanuk, 1983, pp. 193).

2.2.3. Customer satisfaction, value, and perceived risk

When a company is learning about its customers, it must evaluate their satisfaction, value as well as perceived risk. The most obvious determinant of **satisfaction** is the actual performance of the product or service when used or consumed. However, basic functionality does not necessarily mean that satisfaction is high since it is expected; satisfaction is very much influenced by the customer's expectations. Therefore, customer satisfaction is high when expectations are exceeded and the customer is nicely surprised. Another important determinant of satisfaction is previous experience because such experience helps to form the expectations about acceptable performance (Johansson, 2006, pp. 214). Customer satisfaction is the overall attitude a customer has about a certain product after it has been purchased (Solomon, 1994, pp. 619).

Customer satisfaction is a critical concept in marketing and customer research. If customers are satisfied with a product, they will be more likely to continue to purchase it and as well tell others of their favorable experience with it. However, if they are dissatisfied, they will be more likely to switch products or brands and complain to manufacturers, retailers, and other customers (Peter, Olson, 2002, pp. 402). After the purchase, a customer's satisfaction depends on the product's performance in relation to the customer's expectations. In general, customer satisfaction is a feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to customer's expectations. Therefore, the link between customer satisfaction and customer loyalty is not proportional (Kotler, 2003, pp. 61).

Another important thing to mention is that when customers make purchase decisions, their decisions are also based on their perceptions of a **value**. Customer estimates the capacity of each product in order to satisfy his/her total need by for, for example, ranking the products from the most need-satisfying to the least need-satisfying. Then, a customer will value each existing product according to how close it satisfied his/her need. In the end, a customer ends up choosing the product that gives the most benefit for the money spent – the greatest value (Kotler et al., 1996, pp. 9). According to Kotler (2003, pp. 60), customers will buy from companies that they see as offering the highest perceived value, which is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering as well as perceived alternatives.

Every purchase decision process that involves extensive search also entails some **perceived risk**, or the belief that the product may potentially have negative consequences. Perceived risk can be present, if the product is expensive or is complex as well as hard to understand. On the other hand, perceived risk can also be a factor when a product choice is visible to others and a customer runs the risk of embarrassment, when the wrong choice is made (Solomon, 1994, pp. 228). Perceived risk alarms the undesirable consequences that customers want to avoid then they buy a product (Peter, Olson, 2002, pp. 77). When customers choose between brands they do not always base their decision on choosing the brand that will bring most satisfaction and value. Rather, there are situations where customers perceive risk and, therefore, it is not

infrequent to find customers choosing between competing brands according to the extent to which they perceive least risk. Perceived risk is the uncertainty customers have that when buying a particular brand will result in a favorable outcome (de Chernatony, 2006, pp. 35). According to de Chernatony (2006, pp. 36), perceived risk in choosing a brand varies among customers, because customers perceive risk along several dimensions, such as: performance risk (will the brand meet the functional specifications?), financial risk (will the customer get good value for money from the brand?), time risk (will more time have to be spent evaluating unknown brands, and if the brand proves inappropriate, how much time will the customer have wasted?), social risk (what associations will the customer's peer group link with him/her as a result of the brand choice, and will this enhance or weaken their views about the customer?), and psychological risk (does the customer feel right with the brand in so far as it marches his/her self-image?) (for more detailed discussion see Appendix 1).

2.2.4. Customer perception

One of the most important aspects that companies need to consider is how its customers actually perceive their products and also what do they think of them. **Customer perception** is the process by which people select, organize and interpret stimuli to form a meaningful picture of the world (Kotler et al., 1996, pp. 285). A stimuli is any unit of input to any of the sense. Stimuli or sensory inputs can include products, packages, brand names, advertisements, and commercials. Senses or sensory receptors are the human organs (eyes, ears, nose, mouth, and skin) that receive sensory inputs. All of these functions are acting either singly or in combination in the evaluation and use of most customer products. Therefore, customer perception is largely about what customers subconsciously add to or subtract from their raw sensory inputs in order to produce their own private picture of the world or a product (Schiffman, Kanuk, 1983, pp. 136).

The relationship between a brand and the customer can be seen as a type of bond or pact, since customers offer their trust as well as loyalty along with understanding that the brand will behave in certain ways, provide consistent performance, pricing, promotion, and distribution programs and actions. If customers recognize benefits along with advantages from purchasing a certain brand, and as long as they obtain satisfaction from that product, customers will probably buy such product again (for more detailed discussion see Appendix 1) (Keller, 1998, pp. 8).

2.3. BRANDING AND BRAND IMAGE

Every company has to consider numerous aspects when deciding, how to improve customer perception through better company positioning. Firstly, the company should focus on having a well established brand through **branding**, which should be designed to differentiate your product from all the others products on the market. A successful branding is based on the concept of singularity, because it creates, in the mind of the customer, the perception that there is no product on the market quite like your product (Ries, Ries, 1998, pp. 7). A **brand** is

a name, term, sign, symbol, design or a combination of these, which is used to identify the goods or the services of one seller or group of sellers and to differentiate them from those of competitors (Kotler et al., 1996, pp. 556), and it is meant to trigger in memory positive associations with that brand (Hansen, Christensen, 2003, pp. 13). It provides information by increasing awareness and serving as a proxy for quality (Sullivan, 1998, pp. 3). The reason for a brand is to enable a person to identify one alternative from a competitor (Hansen, Christensen, 2003, pp. 12). A brand name is nothing more than a word in the mind, albeit a special kind of word; it is a noun, a proper noun, which like all proper nouns is usually spelled with a capital letter (Ries, Ries, 1998, pp. 5). Any and every proper noun is a brand whether or not it is owned by an individual, a corporation, or a community (Ries, Ries, 1998, pp. 5). It is very important to mention that the power of a brand lies in its ability to influence purchasing behavior (Ries, Ries, 1998, pp. 5). A brand is not tangible, but rather the sum of what someone knows, thinks, and feels about a particular product, because in a very real sense, brands only exist in the minds of customers, but that does not make them any less real (Hansen, Christensen, 2003, pp. 15). According to Hansen and Christensen (2003, pp.18), there are **three underlying motives why customers want a particular brand**; attributes (what the product has), benefits (what the customer wants), and emotions (what the customer feels) (for more detailed discussion see Appendix 1).

2.3.1. Brand image and other specifications

Brand consists of brand image, brand equity, brand attitude, brand personality, brand awareness, brand loyalty, brand identity, and brand popularity. **Brand image** is the set of beliefs customers hold about a particular brand (Kotler et al., 1996, pp. 293), the effect of a positive brand attitude and something attached to a brand that adds value to a certain product (Hansen, Christensen, 2003, pp. 13). It takes time to develop it and cannot be copied by competitors (Kotler et al., 1996, pp. 597). Knowledge of the brand image (how customers and others perceive the brand) provides useful and even necessary background information when developing a brand identity (Aaker, 1998, pp. 69). A strong brand image conveys not only the benefits of status and recognition for the customer; it also guarantees that the product will function well; otherwise, the image would have lost its luster (Johansson, 2006, pp. 238). **Brand equity** is a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product to a firm and firm's customer (Aaker, 2005, pp. 8). Also, brand equity is the value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand association, and other assets such as patents, trademarks, and channel relationships (Kotler et al., 1996, pp. 557). It is the value that is built-up in a brand and it is measured based on how much a customer is aware of the brand (Hansen, Chrsitensen, 2003, pp. 14). According to Johansson (2006, pp. 238), the global brand names that have emerged over the years represent considerable assets or brand equity. Every brand provides information, which is called **brand attitude**, because every brand name represents everything a person knows about a particular product and what it means to them; it provides a convenient summary of their feelings, knowledge and experience with the brand (Hansen, Christensen, 2003, pp. 13). Therefore, companies make a big

mistake, if they analyze customers' brand attitudes in an absolute or very general sense because they do not receive any specific information of customer's overall feeling, knowledge, and experience (Peter, Olson, 2002, pp. 434). **Brand personality** is the set of personality characteristics associated with a brand in comparison with other brands (Hansen, Christensen, 2003, pp. 16) and it is created through product advertising, packaging, branding, and other marketing strategies that focus on positioning a product in a certain way (Solomon, 1994, pp. 5). **Brand awareness** refers to the strength of a brand's presence in the customer's mind (Aaker, 2005, pp. 10). Customers cannot buy a brand unless they are aware of it and, therefore, strong brand awareness is essential as well as a general goal when promoting a product. Once the creation of brand awareness is achieved, a certain brand is activated from memory for inclusion in the customer's consideration set of choice alternatives for their decision process (Peter, Olson, 2002, pp. 433). **Brand loyalty** is an intrinsic commitment to repeatedly purchase a particular brand accompanied by an underlying positive attitude toward a certain brand (Solomon, 1994, pp. 618). It is a key consideration when placing a value on a brand that is to be bought or sold, because a highly loyal customer base can be expected to generate a very predictable sales as well as profit stream (Aaker, 2005, pp. 21). It is important to mention that brand loyalty differentiates from repeat purchase behavior because the latter focuses only on behavioral action without concern for the reasons for the habitual response (Peter, Olson, 2002, pp. 406). **Brand identity** is a unique set of brand associations that the brand strategist aspires to create or maintain (Aaker, 2005, pp. 68). Building brand identity requires decisions on the brand's name, logo, colors, tagline, and symbol. In addition, brand identity needs to be completed also with marketing tools and tactics in order to keep customers constantly satisfied (Kotler, 2003, pp. 420). **Brand popularity** means that when brands are widely sought after and purchased by the population at large; it is considered to be the accumulation of market acceptance and brand goodwill over time (Kim, Chung, 1997, pp. 2).

2.3.2. Brand extension

Brand extension or brand stretching strategy is any effort to use a successful brand name to launch new or modified products in a new category (Kotler et al., 1996, pp. 563). According to Kapferer (1998, pp. 181), brand extension is a real diversification towards different product categories and different customers. Many companies try to justify their line extension by invoking the masterbrand, superbrand, or megabrand concept, because the emphasis in most companies is on the short term (Ries, Ries, 1998, pp. 10). As Johansson stated (2006, pp. 403), brand extensions may be a risky strategy that can fail, if a new product is too different from the original product.

2.3.3. Country-of-origin effect

It is important to mention that when a company tries to position its product in a way that it will have a good customer perception, it must also consider what kind of **country-of-origin effect** will be present from the customers' side. The impact of products' country of origin on

customers' purchase decision has been an issue of increasing importance to marketing and customer behavior researchers, as well as to marketing managers; when companies move their production to foreign location, their brands are perceived differently by customers (Haubl, 1996, pp. 1). Furthermore, the findings of a number of empirical studies suggest that the country of origin generally has a significant impact on customer perception of automobiles and it is represented by four constructs: the affective evaluation of the country (feelings, emotions), the cognitive evaluation of the country (fact based), the evaluation of the country's automobile industry (production process), and the evaluation of automobiles made in the country in general (production output, product) (Haubl, 1996, pp. 77-78).

3. ŠKODA AUTO – Company presentation

3.1. ŠKODA'S HISTORY

Only four companies in the world may boast of 100 years of know-how and experience in car design and manufacture; one of them is Škoda Auto. In 1890s, Vaclav Laurin and Vaclav Klement joined efforts to make bikes and motorbikes in a family business and in 1895, they established a Laurin & Klement company in the Czech town of Mladá Boleslav (Škoda Auto, 2007). The business was expanding fast and before the turn of the century, the company was producing and exporting its own motorcycles (Srivastava, 2003, pp. 3). The staring phase of manufacturing cars was a story of success from the very beginning (Škoda Auto, 2007) as they developed the first experimental four-wheeler in 1901 (Srivastava, 2003, pp. 3). Then in 1905, a first car, called the "Voiturette A", leaves the factory gates and thanks to its quality and attractive appearance soon gains a stable position in the emerging international car markets. Two years later, Laurin & Klement set up a joint stock company that goes on to export cars to markets the world over (Škoda Auto, 2007). Despite the production difficulties of the First World War, Laurin & Klement continued to make progress in expanding their business (Srivastava, 2003, pp. 3). In 1925, the company merged with Škoda Pilsen, the largest Czech's industrial enterprise, and in 1926, the first Škoda car was made. The company started to enjoy enormous success, producing cars with many fine details and breaking records at international competitions (Škoda Auto, 2007). Furthermore, the Škoda 860 was a competitor to the Rolls-Royce in 1929. At that time, Škoda was known as "the Rolls-Royce of Central Europe", since the Škoda 860 became the car of choice for presidents, archdukes as well as aristocrats. Also, the Škoda Superb, made in 1930, was a sleek, powerful car and more desirable and expensive than the luxury BMW brand (Srivastava, 2003, pp. 3).

The company's success story was stopped by the Second World War, when Hitler occupied Czechoslovakia in 1939. At that time, Škoda was made part of the German group Hermann Goring Werke (Srivastava, 2003, pp. 3), where its car production ceased since Škoda factories were used to manufacture jeeps for the German army as well as produced materials for the military (Rädler, 2005 pp. 2). On the last day of the war, May 9, 1945, Škoda factory was

almost completely destroyed by the bombing attack (Srivastava, 2003, pp. 4) and sustains considerable damage (Škoda Auto, 2007). By autumn 1945, the Škoda enterprise is nationalized (Škoda Auto, 2007).

After the Second World War, the existing Škoda Superb was discontinued and the carmaker's luxury days faded under communist regime. Czech government nationalized Škoda's manufacturing for more than 40 years, which resulted in inevitable loss of contact with automotive trends in the rest of the world. During these years, the company operated under extremely difficult conditions; no money was available and new car models had to be approved by the planners in Moscow. Therefore, Škoda began producing cheap, modest cars for the masses and only exported some to the Western Europe. As a result, the company became associated of its future reputation: Škoda cars were substandard, unreliable, style-less bought by people, who could not afford anything better. However, even under communist regime, the company never completely lost its reputation; the cars had high technical standards compared to other Eastern European car manufacturers. At that point in time, Škoda certainly was behind everyone else in the Western world, but at least they kept the flame alive (Srivastava, 2003, pp. 4).

In the 1980s, Škoda was producing considerable cash flow for Czechoslovakia but it had problems meeting Western European emission standards since its engine was about 25 years old (Rädler, 2005 pp. 3). Consequently, in 1989 (soon after the formation of Czech Republic), Škoda searched for a strong partner in order to assist during the improvement of efficiency as well as aiding development. In 1991, Volkswagen bought a 30 percent stake in the company and Škoda became the fourth brand in the Volkswagen Group, along with Volkswagen, Audi, and Seat. At that time, Škoda's model range included the Favorit, introduced in 1987, and its 1990 derivative, the Forman station wagon. Before Volkswagen's acquisition, Škoda was selling approximately 170,000 cars worldwide (30 countries); 120,000 were sold in the former Czechoslovakia, and the rest were exported to the countries of Central Europe, Western Europe, and other countries. As a partner, Volkswagen guaranteed to preserve the independence and self-reliance of the factory as well as to preserve the Škoda brand. Also, Volkswagen raised its investments gradually, improved the product range and geographic coverage, as well as organizing a real knowledge transfer between both companies. Moreover, Volkswagen was embarking on a global expansion strategy, targeted at Central and Eastern Europe, by increasing low cost capacity as well as penetrating the new markets. Finally, the mutual objective was to transform the company into a customer-oriented, learning organization, and reach the "best-in-class" level. The brand objective was to shift Škoda from a price position to a value-for-money position (Srivastava, 2003, pp. 4-5).

It is also important to mention that Volkswagen simultaneously acquired co-ownership rights of the distinctive Škoda winged arrow logo, which had been the property of the Škoda Pilsen engineering company since the end of Second World War. Soon after, the Czech government paid Škoda Pilsen more than CZK 250 million, which is approximately $8 million, for the right to have Volkswagen use the trademark on cars. In 1993, the logo was updated with new

colors. The name "Škoda Auto" was printed in white with a black circle around, which symbolized the company's long heritage. Within that white circle, there was a green color of the winged arrow, which symbolized contemporary concern for environmental issues (Škoda Auto, 2007).

In 2000, Volkswagen took full ownership of Škoda Auto and by 2004, Škoda was exporting 86 percent of its production; Škoda cars were now sold in more than 85 countries (up from 30 in 1991) (Rädler, 2005, pp. 2-7). During cooperation years between Škoda Auto and Volkswagen Group, all production areas and assembly works have been equipped with the most up-to-date technologies, which resulted in fully competitive conditions as well as excellent results (Škoda Auto, 2007). Thus, in 2004, Newsweek reported that Škoda Auto was Europe's fastest-growing car manufacturer winning many car prizes for its quality and design. The new marketing slogan "Škoda Auto: Simply Clever" summarized that the brand stands for intelligent, attractive cars and dedication to the product (Rädler, 2005, pp. 2-7). Years of research and constant progress led to production of unique cars that satisfy customer's high aesthetical and technical requirements. In 2005, the Škoda motor company celebrated 100 years since the manufacture of the first car and 110 years since the transport means production start in Mladá Boleslav (Škoda Auto, 2007). Today, Škoda is a car with high quality and it regained its standing in the global car industry (Rädler, 2005, pp. 2-7). The only problem is that it is hard to change customer's perception of Škoda Auto, since customer perceptions of Škoda Auto remained tainted by the past and its image as a producer of poor quality (Srivastava, 2003, pp. 6).

3.2. ŠKODA AUTO AT PRESENT

Škoda Auto, today owned 100 percent by Volkswagen Group and operating in nearly 90 countries, celebrated its 100 year anniversary in 2005, which is a jubilee that only a few companies can boast. Such an anniversary is not only a reason to be proud by the company staff, is it as well a commitment for the future. In 2005, Škoda Auto export totaled CZK 152.8 billion, which amounts to 492,111 cars supplied to customers worldwide. That accounted for 8.2 percent of the total exports of the Czech Republic and by that Škoda Auto set a new record in the number of cars supplied to customers. In one year, since 2004, Škoda Auto increased its supply for 9 percent, which also represents, along with consolidated sales revenues (CZK 187.4 billion) and profit after income tax (CZK 7.9 billion), the best result in Company history. These excellent results were achieved in spite of existing external factors such as high oil prices, competitive pressure from Asian manufacturers, foreign currency risks, etc. In fact, these external factors presented opportunities that Škoda Auto embraced and utilized to its benefit. In addition Škoda Auto is well aware of the fact that in order to successfully market is products, it must meet a whole range of customer expectations. Škoda Auto strongly believes that being close to its customers is a pre-condition for success. It is evident that Škoda Auto an active, highly visible player domestically and internationally, which can also be seen from the customer satisfaction survey, that Škoda brand is one of the five best car manufacturers in Europe (Volkswagen Group, 2007). That can be even

additionally proven by awards Škoda Auto received in 2005: the most significant being "2005 Car of the Year" awards for the new Octavia in the Czech Republic, Finland, India, and Bosnia and Herzegovina, winner of the Employer of the Year award in 2005 and 2006, the new Škoda Octavia won the National Prize for product design and was named as best foreign car in Germany, etc. (Škoda Auto, 2006).

As always, for Škoda Auto, quality continues to be the part of all processes and, therefore, its quality management system is the key component of the integrated management system, through which company's powers and responsibilities are clearly defined in all areas. In the autumn of 2005, Škoda Auto's integrated management system was confirmed in compliance with the ISO international standards (ISO 9001:2000 for the quality management system and ISO 14001:2004 for the environmental management system). That integrated management system ensures that each Škoda brand car is an exact duplicate of the approved prototype and that it complies with all safety-related regulations as well as laws applicable in the Czech Republic and in international markets. Such an approach is leading to the satisfaction of customer needs as well as in continual improvements in products, services, and processes (Volkswagen Group, 2007).

Year 2006, was represented by an important milestone through expanding Škoda Auto's product range by unveiling the new model line Roomster based on a huge marketing launch. All other necessary activities to introduce the new Roomster model have been set in motion such as investing in addition development of its principal processes, expanding manufacturing plants, creating new job positions for highly qualified engineers and development specialist, implementing the long-term strategy for renewing and expanding the product line, and targeting region supply strategy based on the development of new as well as existing assembly plants and local markets. Also, in 2005, Škoda Auto made a further expansion of its product portfolio by introducing the Yeti concept car, the Yeti pick-up, the Octavia RS limousine, and the Octavia RS combi, which had a great response from the industry and the customers and, therefore, it gives Škoda Auto confidence that they are heading to the right direction (Volkswagen Group, 2007).

The production of the new model Roomster and the new Octavia caused the employment of Škoda Auto to move in a positive direction because it started to employ more people. The increased employee needs were needed especially in production related professions. The average employee age in Škoda Auto was 38 years and the average duration of employment at the company was 11.9 years. In 2006, the company had more than 23,000 full-time employees, which resulted in an 8.0 percent increase from previous years. Škoda Auto is constantly ensuring long-term company development based on its work force stability, professional growth of employees, and competitiveness in the labor market. Also, Škoda Auto is well aware of the need for qualified specialist and, therefore, it invests no small sums in developing them. As a result, Škoda Auto understands the importance of the potential inherent in students/recent university graduates and, therefore, actively makes contact with them and offers them collaboration also during their studies. Through its development programs, the

company gives these potential future managers opportunities to gain specialized and general training as well as the opportunity to get to know the company's operations and culture. By that, Škoda Auto ensures its employees a working environment which fosters motivation, efficiency, and high creativity (Volkswagen Group, 2007).

Škoda Auto is well aware that long-term partnerships and relations with the best performers from all sponsored areas is one of the main criteria of its sponsoring strategy. Therefore, Škoda Auto is an important sponsor of sports, culture, and other social events such as the Olympic Games, Hockey games, Football games, Cycling, Czech National Theater, Czech Philharmonic Orchestra, Centrum Paraple (paraplegic center), Health Clown, etc. By sponsoring many events, Škoda Auto is able to cooperate with importers from all over the world and such sponsoring helps the company enhance its brand awareness (Škoda Auto, 2006).

3.3. ŠKODA AUTO WITHIN VOLKSWAGEN GROUP

Volkswagen Group, headquartered in Wolfsburg (Germany), is one of the world's leading car manufacturers and the largest car maker in Europe. The Group operates 44 production plants in 11 European countries (Germany, Belgium, Bosnia-Herzegovina, Czech Republic, Great Britain, France, Hungary, Italy, Poland, Slovak Republic, and Spain) and in seven countries in America, Asia, and Africa. Every day, all around the world, nearly 345,000 employees produce over 21,500 cars or are involved in car related services. The goal of Volkswagen Group is to continue to offer attractive, safe, and environmentally sound cars, which are competitive in an increasingly tough market (Volkswagen Group, 2007). The Group owns the following eight active car based brands: Audi, Bentley, Bugatti, Lamborghini, Porsche, SEAT, Škoda Auto, Volkswagen, and Volkswagen Commercial Cars (Wikipedia, 2007).

As mentioned before, in 1991 Volkswagen bought a 30 percent stake in the company and Škoda became the fourth brand in the Volkswagen Group. Nine years later, in 2000, Volkswagen took full ownership of Škoda Auto (Wikipedia, 2007). As of 2005, many legislative changes appeared in the Czech Republic due to country's entry into the European Union. As a result, one of these legislations now requires Škoda Auto Group to keep accounts, carry out reporting, compile and release consolidated as well as financial statements in accordance with International Financial Reporting (IFRS). At present, the consolidated Škoda Auto Group consists of the parent company and its fully consolidated subsidiaries: Škoda Auto Deutschland GmbH, ŠKODA AUTO Slovensko, s.r.o., Skoda Auto Polska S.A., Skoda Auto India Private Ltd. Beside Skoda Auto India Private Ltd., which not only imports, but also manufactures and assembles cars, all of these subsidiaries are exclusively importers (Volkswagen Group, 2007).

In 2005, the strength of Škoda Auto Group's successful model, strong sales, and sound financial strategies achieved objectives set by the Volkswagen Group. All that allowed Škoda Auto Group to move out of the stabilization phase and begin implementing an expansionary

policy. As a result, the figures posted in 2005 surpassed the already record results of 2004, which represents that nearly all financial indicators such as operating cash flow, net cash flow, liquidity, and sales revenue, have been growing ever since. One of the major factors for such an incredible growth was a higher customer demand for more valuable cars with more features and here, Škoda Auto made a positive development. Today, Škoda brand cars are gaining the trust as well as favor of more demanding customers due to its quality, price, and value for money. All of this advanced the Škoda Auto Group even further towards fulfilling its ambitious mid- and long-term goals (Volkswagen Group, 2007).

Under a well-established, steady guidance by its 100 percent owner Volkswagen Group, Škoda Auto today develops, manufactures, and offers high-quality, environmentally friendly cars, original spare parts, accessories, and services whose features satisfy customer wishes. Škoda's technologies and development processes have advanced so far, that it is practically impossible to find any manufacturing mistake. In addition, Škoda Auto quickly reacts to every day changes such as additional rules, laws, customer demands, etc. It is crucial to mention that Škoda Auto's Technical Development is the third biggest development centre in the Volkswagen Group and it collaborates directly within its own R&D competencies with the other Volkswagen Group development centers. In order to fulfill its future assignments, such as innovation of products and model lines, Škoda Auto Technical Development will continue to upgrade and adapt its infrastructure, technical equipment, and facilities as necessary (Volkswagen Group, 2007).

Today, Škoda Auto offers four different models (Fabia, Octavia, Roomster, and Superb), which are constantly being refined to ensure they act in accordance with statutory requirements, changes in environmental protection legislation, and produce cars even more attractive to customers as well as meet their increasing expectations (for more detailed discussion see Appendix 1) (Volkswagen Group, 2007).

3.3.1. Vision, strategy, and philosophy

Volkswagen Group's **strategy** is "Mobility for the Future", because "forging the right blend of values, sustainability as well as innovation is the core challenge of our age and only if we succeed in this attempt, will we be able to hold our own in the marketplace of the future". Today, mobility is a basic human need and a driver of economic growth. Therefore, Volkswagen Group is strongly convinced that sustainable mobility is feasible because it takes impact on society, environment, and on the growing mobility needs of people all around the world. As a result, Volkswagen Group is working to make their **vision** a reality by building attractive, safe, and environmentally compatible cars that are also competitive in an increasingly hard-fought market and in each case set the global standards for their class. In such way, Volkswagen Group is able to make progressive technologies and innovative services available worldwide and also provide its customers all over the world with access to personal and future-proof forms of mobility (Volkswagen Group, 2007).

Up to today, Škoda Auto has always been following its legacy of founders Laurin and Klement: "Only the best that we are capable of, is good enough for our customers". Škoda Auto's strategy, in accordance with the Volkswagen excellence Group strategy, is to thrill customers so they return to the Škoda brand with confidence (Škoda Auto, 2006). Only four carmakers in the world can show off a never-ending tradition that has been lasting more than 100 years and Škoda Auto is one of them. Such a strong tradition obligates and motivates and, therefore, Škoda Auto's **philosophy** statement dictates the following: "We know where we come from and where we are going" (Škoda Auto, 2007). There are three basic values of Škoda Auto brand that support their existing philosophy: intelligence, attractiveness, and dedication (for more detailed discussion see Appendix 1).

Škoda Auto designs new cars according to the customer's desires, with the aim of offering an attractive design, technical innovations and simple practical features, in compliance with the "Simply Clever" philosophy, while maintaining an outstanding value/price ratio. Škoda products have been continually improved in term of their long-term quality, functionality, reliability, safety, environmental friendliness, and they maintain the highest standards at each stage of their life-cycle (Volkswagen Group, 2007).

Also, in accordance with its philosophy, Škoda Auto trains its future managers and it is committed to their long-term development. Such personnel development strategy delivers traditional as well as modern form of professional growth based on classical training products, e-learning, project work, and participation in Volkswagen Group international programs. That kind of approach fosters and develops the multi-cultural environment at Škoda Auto as a component of the Volkswagen Group and ensures the positive development of individuals as well as the company as a whole. Škoda Auto is, through its specialists and managers, intensively involved in many international projects within the Volkswagen Group which encourages employees to be flexible and at the same time furthers their professional and personal growth (Volkswagen Group, 2007).

3.3.2. Future objectives

Škoda Autos' **future objectives** are to thoroughly cover the fields of customers, markets, finance, products, quality, sales, marketing, and brand image, human resources, organization and information system, environment, and social responsibility (for more detailed discussion see Appendix 1) (Volkswagen Group, 2007).

3.4. ŠKODA AUTO INTERNATIONAL PRESENCE

As mentioned above, Škoda Auto set a new record in the number of cars supplied to customers, despite a decline in overall markets for new cars in Central Europe in 2005.

Because of Škoda Auto's ability to mount an adequate, timely response to changes in demand in the most important markets, the company supplied a total of 492,111 (in 2006) cars to customers and by that the Škoda brand became one of the five best car manufacturers in

Europe. Today, in 2007, Škoda Auto operates in nearly 90 countries all around the world and it has manufacturing plants in Czech Republic, Ukraine, India, Bosnia and Herzegovina, and in Kazakhstan. 82 percent of Škoda Auto's production is sold in the EU markets, which contributes around 10 percent to the export of the Czech Republic. In 2005, the company made additional steps to further increase its activities in the markets of Kazakhstan and China. Such an international expansion has positive results for Škoda Auto because of access to new markets and leveraging synergies as well as cost advantages from the new suppliers (for more detailed discussion see Appendix 1)(Volkswagen Group, 2007).

4. ANALYSIS OF ŠKODA AUTO POSITIONING, CUSTOMERS' PERCEPTION, AND BRANDING IN SLOVENIAN MARKET

4.1. METHODOLOGY

4.1.1. Research purpose and objectives

The master thesis examined the current market positioning of Škoda Auto in Slovenian market, how Škoda Auto is perceived by the Slovenian customers, how Slovenian customer perception has changed during the years, and how Škoda Auto could improve customers' perception as well as its brand image by adapting its positioning in Slovenian market. The purpose of the master thesis was to theoretically and empirically examine the company positioning and the customer perception of Škoda Auto in Slovenian market. Therefore, a prime objective of the master thesis was to align the brand image of Škoda Auto along with quality and new product by analyzing the Slovenian market in depth (purchasing power, GDP, number of inhabitants, number of cars, available income, social status, what cars are bought, etc.) in order to find out where company's current positioning and customer's perception could be improved. The empirical research reveals, how well is Škoda Auto perceived by Slovenian customers, which also tells us, if current Škoda Auto positioning is appropriate on that market or not.

4.1.2. Determining the research method

Since non-random convenience sampling was used in the research, we cannot make conclusions based on the whole population of Slovenia. From the methodological point of view, the sample is not adequate (so we cannot make conclusions based on the whole population of Slovenia) even though, in the following parts, the results are implicated on the whole Slovenian population. Based on the in-depth interview with Mrs. Snežana Ovijač we can conclude, that the results do not deviate much from the results of similar researches (Ovijač, 2007).

One of the most important analytical method that was used in the research was segmentation. Classification into groups is according to the content meaning elaboration of empirical

typology. In marketing research, it solves the question of segmentation. We would like to classify units (e.g. persons, products, manufacturers, etc.) into groups in a way that units within one group should be as similar as possible according to features measured (according to values of variables), groups, however, should be as different as possible. Features (variables) have to be chosen taking into account the fact that it has to be reasonable to classify variables according to their values (meaning that groups formed have a useful content). Classifying processes are based on distances (measures of heterogeneity and homogeneity) among individual units in the place, which is defined by variables chosen. The number of dimensions is similar to the number of variables chosen. Graphically, a group represents a "cloud" of closely located spots, surrounded by empty space or by individual, sparsely located spots.

In this context, we can talk of aggregation methods, where two groups are merged in every step. At the beginning of the process, every unit represents its own group. After (n – 1) steps, where n means number of steps, the process ends with aggregation into one group. Thus, the final result of hierarchical aggregation is only one group, which contains all units. Since the optimal number of groups is as a rule not one, we consider only results of aggregation till the step defined, usually the one, in which an increment of two neighboring levels is the biggest or at least very big. An increment of two neighboring levels is defined as a difference between diversity, where two groups are merged, and diversity, where next two groups are merged. Only when the whole process of aggregation is completed and only one group remains, it can be found out, in which step the increment of two neighboring levels is big enough. A dendrogram is in this process of great help (Ferligoj, 1989, pp. 75).

Besides segmentation, also some other statistical methods were used and applied in the analysis. T-test statistic was used through paired sample T-test and independent sample T-test. The T-test statistic assessed whether the means of two groups were statistically different from each other. Such analysis is appropriate whenever there is a need to compare the means of two groups. The Paired Sample T-test compares the means of two variables. It enabled us to compute the difference between the two variables for each case, and tests to see if the average difference is significantly different from zero. The Independent Sample T-test compares the mean scores of two groups on a given variable (Wikipedia, 2007).

Another statistical method used in the analysis was ANOVA, which stands for analysis of variance. In statistics, ANOVA is a collection of statistical models, and their associated procedures, in which the observed variance is partitioned into components due to different explanatory variables, usually called factors. In addition, also the Ward method was used, which is distinct from all other methods because it uses an analysis of variance approach to evaluate the distances between clusters. In short, that method attempts to minimize the Sum of Squares (SS) of any two (hypothetical) clusters that can be formed at each step. A Chi square statistic was used to investigate whether distributions of categorical variables differed from one another (Wikipedia, 2007).

For the qualitative analysis I used the method of six in-depth interviews. Qualitative analysis involves the process of making sense of data that is not expressed in numbers (Malhotra, Birks, 2003, pp. 201). Therefore, I tried to get out as much information as possible from the qualitative research regarding the current situation of Škoda Auto in Slovenian market. Six in-depth interviews were conducted with Škoda car owners and non-owners as well as with Slovenian main Škoda Auto dealership. An in-depth interview is an unstructured, direct, personal interview in which a single respondent is probed by an experienced interviewer to uncover underlying motivations, beliefs, attitudes, feelings, and perceptions on a certain topic (Malhotra, Birks, 2003, pp. 179); in our case the topic was perception of Škoda Auto and its brand image.

4.2. SECONDARY DATA EVALUATION

4.2.1. Business environment analysis

The environment of a company is influenced by factors and forces that affect marketing management's ability to develop and maintain successful transactions with its target customers. The business environment consists of a micro environment and a macro environment. In this analysis, the micro environment consists of the forces close to the company that affects its ability to serve customers (Kotler et al., 1996, pp. 134) such as customers, competition, intermediaries, suppliers, workforce, and media. The macro environment consists of larger societal forces that affect the entire micro environment (Kotler et al., 1996, pp. 134) such as political, economical, social, and technological components of the macro-environment.

In order to analyze Slovenian macro environment, I was using the PEST analysis, which is composed of political, economical, social, and technological factors that influence a company but at the same time, these factors are out of the direct control of the company itself. Given that the external environment is constantly changing, the company needs to compensate for changes in political, economical, social, and technological situations. In my case, I was evaluating the external environment of Slovenian market and its car industry, which is saturated with many competitors (Wikipedia, 2007).

For that PEST analysis, I used the data and information from various articles and magazines that covered Slovenian market and its car industry. I also used the information based on web pages from the institutions such as Statistical Office of the Republic Slovenia, Faculty of Economics Ljubljana, Bank of Slovenia, Slovenian Ministry of the Economy, Institute of Macroeconomic Analysis and Development, CIA World Factbook, etc.

4.2.1.1. Macro-environment (PEST analysis of Slovenia and its car industry)

Political environment and its situation directly and indirectly influence company's business in a certain country and, therefore, it is crucial to understand the whole political system and its operating situation. It is very important that the market, where a company operates is political stable since political stability ensures steady financial markets, product and service markets,

workforce, etc. Political stability depends on the political system established in a country (Britton, Worthington, 2003, pp. 42-76).

On May 1, 2004, Slovenia became a member of the European Union and NATO. Slovenia is also a member of most major international financial institutions such as the International Monetary Fund, the World Bank Group, and the European Bank for Reconstruction and Development. Furthermore, Slovenia has a membership in 40 other international organizations, among them the World Trade Organization, of which it is as well a founding member (for more detailed discussion see Appendix 1) (Slovenia Country Commercial Guide, 2005).

When analyzing the **economic environment**, it is extremely important to understand the factors that affect customer purchasing power and spending patterns (Kotler, Armstrong, Saunders, Wong, 1996, pp. 143) as well as the influence of the government and financial institutions since both parties play an important role on the economical part of a company's business. With is macro economical politics, the government is trying to constantly ensure price stability, lower unemployment rate, economy growth, etc (Britton, Worthington, 2003, pp. 97-103).

Slovenia is a high-income economy with the highest GDP per capita, $23,250 in 2006, of the newly joined European Countries (EU). It is one of the most developed new EU-10 members. Slovenia's GDP per capita, with a GDP real growth rate of 4.4 percent in 2006, is closer to the EU average than Portugal's and, according to a forecast by the Vienna Institute for International Economic Studies (WIIW), will exceed 90 per cent of the average EU GDP by 2015 for more detailed discussion see Appendix 1) (Invest Slovenia, 2007).

Slovenia's economy has started to grow more strongly in the last few years (5.2 percent in first 9 months of 2006, 4.0percent in 2005, 4.4percent in 2004, 4.8percent 2007 estimate), after relatively slow growth in 2003 (2.7 percent). Overall, the country is on a sound economic footing. During 2000, privatizations were seen in the banking, telecommunications, and public utility sectors. Restrictions on foreign investment are slowly being dismantled, and foreign direct investment (FDI) is expected to increase over the next few years. Slovenia is the economic front-runner of the countries that joined the European Union in 2004 and was the first new member to adopt the Euro as the country's only currency on 1 January 2007. Moreover, Slovenia will also be the first new member state to hold the Presidency of the Council of the European Union in the first half of 2008 (Wikipedia, 2007). Economic growth is expected to remain dynamic in 2007, driven by buoyant domestic demand, and especially robust investment activity. The adoption of Euro is seen as positive factor for the Slovenian economy, which also has favorable implications for the country's foreign trade (UniCredit Group, 2006, pp. 27).

Social environment and its factors represent an important role for a company in a certain country because the structure of people influences the available workforce and it also creates

demand for products. In a certain country, the quality and the quantity of the people, as costumers on one hand and as producers on the other hand, have an important control over the consumption and production capability of a certain economy. The quality of the people depends on the country's education system, work conditions, medical system, and on the motivation of the people themselves. When speaking about the quantity of people, the general availability of workforce depends on the whole population size, age structure, and the size for the work capable population (Britton, Worthington, 2003, pp. 121-137).

In September 2006, the population of Slovenia was 2,011,614; 988,397 men and 1,023,217 women (Statistical Office of the Republic Slovenia, 2007). The age structures of Slovenian inhabitants it as follows (for more detailed discussion see Appendix 1) (CIA, 2007):

- 0-14 years: 13.8 percent (male 143,079 and female 135,050)
- 15-64 years: 70.5 percent (male 714,393 and female 702,950)
- 65 years and over: 15.7 percent (male 121,280 and female 193,595)

The trend of car purchasing has been drastically increasing due to numerous choices of car brands present in Slovenia. In Slovenia, there were for 58 percent more cars in 2005 than in 1990; there were 456 cars per 1000 people. On average, there are 1.1 cars per household today. However, the growth of Slovenian population is not increasing and the saturation with cars is enormous and, therefore, the situation of one car per two people is not surprising at all so it is hard to expect a continues increasing sales trend. In addition, the rising prices of gas at the moment are also influencing the car sales (Skoraj en avto na dva prebivalca EU v 2005, 2007).

Nowadays, **technological environment** is very important because it is tremendously essential to regularly invest in research and development as well as in technology in order to ensure economic growth of a company. In the last 50 years, there were gigantic technological changes, which extremely influenced the business world. That resulted in the appearance of entirely new products and services, newly discovered markets, and new methods for production as well as distribution. A company needs to make advancements in technology development to increase its productivity, which enables bigger production and product quality and at the same time minimizes costs. By adopting new technologies, a company's existence deepens and the lead from competitors becomes even longer. With technological advancement, the knowledge of employees needs to change accordingly. Intellectuality, flexibility, adaptation, and regular education are a necessity for such workforce. In addition, such workforce requires a different regulatory approach by the leaders of the company. When a company uses the advanced technology, it needs more additional financial funding because the new technologies are more expensive than the old ones (Jaklič, 1999, pp. 113-117).

In 2001, an automotive cluster ACS (Automotive Cluster of Slovenia) was established in Slovenia, which helped to improve the competition among the automotive technological environment. An automotive cluster is a business association based on economic interest of its

members uniting Slovenian automotive suppliers. Its members' aim is to reinforce the competitiveness in order to create greater added value. Moreover, automotive cluster provides support for its members to integrate into the global automotive industry and to improve the range of their products and services. Therefore, the automotive cluster accelerates the efficiency of its members by providing adequate research and development and co-operating with expert development and scientific institutions both in Slovenia and abroad. The Automotive Cluster of Slovenia cooperates with automotive clusters from Southeastern Europe, Austria, Germany, Spain, Portugal, France, Netherland, and Italy (for more detailed discussion see Appendix 1) (Automotive Cluster of Slovenia, 2007).

Today, there are 54 companies incorporated in the Automotive Cluster of Slovenia. These members of the automotive cluster are automotive suppliers of components, modules and systems and after-sales customers in the field of cars, industrial cars and special cars industry. Also, members are important suppliers of equipment, tooling, research and development, production, logistic and other services focused on automotive suppliers and automotive industry (Automotive Cluster of Slovenia, 2007). There are many car manufacturers involved in the Slovenian automotive cluster: Renault, Volkswagen, BMW, Peugeot, Citroën, Audi, Ford, Volvo, Scania, Magna Steyr, and Daimler-Chrysler. At the same time, Automotive Cluster of Slovenia also collaborates with systematic suppliers such as Bosch, Visteon, Brose, Furecia, etc (Kenda, 2005).

4.2.1.2. Slovenian car market

The whole situation on the Slovenian car market did not change at all in 2006 compared to the previous year. Switching between brands was pretty modest; especially there were no big changes between the big players in the market. It seems that every car company just wanted to strengthen its position in the market. In 2006, there were 59,407 personal cars sold and 6,530 commercial cars; all together that makes exactly 65,936 cars. That amount is for 0.88 percent less than in year 2005. Moreover, the market for personal cars decreased for 2.61 percent whereas commercial cars increased for 18.19 percent (Kmetič, 2007, pp. 16).

The Slovenian car market was affected by the import of second hand/ used cars. The importation of such cars to Slovenia has been increasing and Slovenian customers showed quite some interest due to their attractive prices. However, the origin and history of such cars is often not very well known and, therefore, the new owners can be somewhat disappointed. Today, many car buyers are deciding between purchasing a new car from or used car. If a buyer buys a used car, he/she does not buy a new car. In addition, the import of used cars influences the prices of used cars on Slovenian market (Kmetič, 2007, pp. 16).

In 2006, the consolidation of dealers continued. Small, family companies only survive, if they consolidate with other dealers and in that way they are able to fulfill the expectations as well as requirements of distributors. Such kind of consolidation means that the presence of rationality is growing. The period of large investments into sales/service centers is over, because now the importance lies in the profit of invested funds by distributors and dealers.

That results in higher expenditures by customers/buyers in spite of all promised discounts and benefits. Many people are asking themselves, why dealers are offering such discounts and the first reason that comes to their minds are dealers' high prices. Distributors surely have high prices, which are enforced due to comparability of prices on different car markets in European Union. Brussels officials can compare only the publicly announced prices from official price lists and it his extremely hard for them to detect real purchase prices. Therefore, car companies announce European comparable prices in the official price lists and then they accordingly adapt to the market and to buyers' purchasing power by offering numerous discounts. Every car manufacturer wants to sell its car for the highest price but the car prices are not only determined by the costs of manufacturing, because the distributor set the price according to comparable products on a certain market. Such price formation has its own name: the product positioning (Kmetič, 2007, pp. 16).

Year 2006 represented the last year that Slovenian people could buy their cars in Tolar currency. The arrival of Euro does not supposedly hugely influence the car prices. But it is obvious that the rounded prices can already be seen (eg. Euro 14,990). The car prices in Euros are not lower than they were in Tolars. The psychological effect is absolutely present, because there is a difference if a car costs 4.8 million Tolars or 20,000 Euros (Kmetič, 2007, pp. 16).

Car ranking
In 2003, 2004, and 2005, more than 60,000 personal cars were sold in Slovenian market but that magic boundary was not reached in 2006. The number of personal cars sold in 2006 was 59,407. The worst months for car sales in 2006 were December (3,389 cars sold) and August (4,056 cars sold). March was the best month in 2006, because 6,189 cars were sold. From January to June 2006, more than 5,000 cars were sold each month. From July to November 2006, more than 4,000 cars were sold each month. Selling closely to 60,000 personal cars in the last few years is proving the maturity of Slovenian car market as well as its stability because some percentage oscillation has to be taken into consideration; especially because the Slovenian population is not increasing and because the satiation with cars is enormous (one car for two people) and, therefore, it is hard to expect further market growth. Car sales are also affected by the gas prices, which have been increasing extremely fast in the past (see Figure 1 and Table 1) (Kmetič, 2007, pp. 17).

Figure 1: Market shares of car brands in Slovenia in 2006
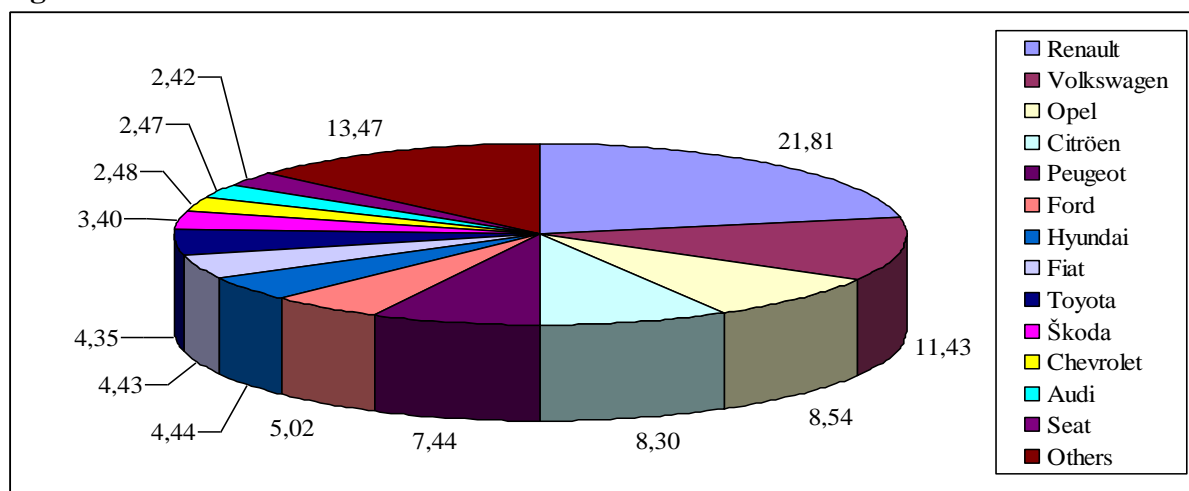
Source: Kmetič, 2007, pp. 17.

Table 1: Number of cars sold and its market shares in Slovenia

RANK	CAR BRAND	NUMBER OF SOLD CARS 2006	MARKET SHARE 2006	MARKET SAHRE 2005	MARKET SHARE 2004
1	Renault	12,957	21.81	22.77	24.11
2	Volkswagen	6,790	11.43	11.09	10.41
3	Opel	5,075	8.54	9.89	10.17
4	Citröen	4,930	8.30	7.71	7.60
5	Peugeot	4,418	7.44	7.02	8.75
6	Ford	2,981	5.02	4.43	4.03
7	Hyundai	2,639	4.44	4.91	3.93
8	Fiat	2,634	4.43	4.50	5.76
9	Toyota	2,585	4.35	3.52	3.63
10	Škoda	2,020	3.40	2.94	2.78
11	Chevrolet	1,475	2.48	2.79	2.01
12	Audi	1,466	2.47	2.49	2.38
13	Seat	1,437	2.42	2.82	3.26
14	Honda	1,178	1.98	1.86	1.56
15	Mercedes Benz	956	1.62	1.26	1.02
16	Nissan	943	1.59	1.11	1.16
17	BMW	931	1.57	1.94	1.26
18	Mazda	920	1.55	1.86	1.88
19	Suzuki	724	1.22	0.96	0.70
20	Kia	668	1.12	1.06	0.69
21	Mitsubishi	349	0.59	0.75	0.61
22	Volvo	216	0.36	0.36	0.42
23	Dacia	212	0.36	0.60	/
24	Alfa Romeo	202	0.34	0.33	0.33
25	Ssangyoung	125	0.21	/	/
	Others	567	0.95	0.86	0.80
	Sum	**59,407**	**100**	**100**	**100**

Source: Kmetič, 2007, pp. 17.

Group ranking

Renault Group, along with its Renault, Nissan, and Dacia brands, is the leading car group on Slovenian market since it sold 14,112 personal cars in 2006. That is 5.5 percent less than in 2005 and, therefore, its market share decreased for 0.73 percent to a 23.75 percent market share. It can bee seen that the Renault Group influence has been declining in the past years since its market share in 2004 was over than 25 percent. Volkswagen Group reached second place in 2006 with its 19.72 percent market share, which is for 0.38 percent better compared to year 2005. PSA Group improved its position to the third place and in 2006 it reached a 16.84 percent of market share. The fourth place in 2006 belongs to General Motors with its 11.02 percent market share(Kmetič, 2007, pp. 17).

Table 2: Model ranking (number of car models sold and its market share in Slovenia)

RANK	CAR MODEL	NUMBER OF SOLD CARS 2006	MARKET SHARE 2006	MARKET SHARE 2005	MARKET SHARE 2004
1	Renault Clio	6,314	10.63	9.78	12.37
2	Volkswagen Golf	2,570	4.33	4.66	4.68
3	Renault Scenic	2,265	3.81	3.41	2.45
4	Renault Megane	2,180	3.67	4.19	4.17
5	Opel Astra	2,088	3.51	4.08	2.95
6	Fiat Punto	1,992	3.35	2.55	3.56
7	Volkswagen Polo	1,582	2.66	2.98	3.25
8	Opel Corsa	1,568	2.64	3.54	4.62
9	Citröen Xsara Picasso	1,497	2.52	1.62	1.50
10	Volkswagen Passat	1,428	2.40	1.74	0.71
11	Peugeot 206	1,339	2.25	3.72	5.43
12	Peugeot 207	1,138	1.92	/	/
13	Ford Fiesta	1,108	1.87	1.94	1.63
14	Hyundai Getz	1,090	1.83	2.23	1.89
15	Toyota Yaris	1,081	1.82	1.41	1.55
16	Citröen C3	1,057	1.78	2.20	2.62
17	Škoda Fabia	1,045	1.76	1.71	/
18	Peugeot 307	990	1.67	1.98	2.31
19	Škoda Octavia	905	1.52	/	/
20	Citröen C4	900	1.51	/	/

Source: Kmetič, 2007, pp. 17.

Small size personal cars – bigger market share

Slovenian car market has been fulfilled with small size personal cars for many years. In 2006, the demand for such cars increased as 28,658 small size personal cars were sold, which means an increase in market share for 0.76 percent and 48.24 percent of all cars sold (Kmetič, 2007, pp. 20).

The demand for lower middle class has drastically decreased, which resulted in 19,629 sold cars in 2006 and a 33.04 percent market share. The amount of personal cars sold in higher middle class in 2006 remained almost the same as in 2005; 6,536 cars sold in 2006 and 6,506 cars sold in 2005. By such a small sales increase, the market share reached exactly 11 percent (Kmetič, 2007, pp. 20).

The car segment, which reached the biggest growth rate, is the SUV segment. In 2006, there were 2,885 SUVs sold, which means a 4.86 percent of the market share. The reason for such growth rate is bigger models offer and the changed preferences of the buyers. The sales of big station wagon remains stable; in 2006 there were 669 such cars sold and in 2005 620. The sales of big, sportive cars have declined from 1,313 in 2005 to 1,030 in 2006 (for more detailed discussion see Appendix 1) (Kmetič, 2007, pp. 20).

Forecasts for the future
The sales expectations for 2007 are more or less pessimistic. It is estimated that approximately 58,000 personal cars and 5,000 commercial cars will be sold (Kmetič, 2007, pp. 20).

4.2.1.3. Business environment of Škoda Auto in Slovenia
That chapter is mostly based on an in-depth interview with Mrs. Snežana Ovijač, Director of Sales for Škoda Auto Verovškova in Slovenia, conducted in Ljubljana, 13.2.2007.

Since 2003, Porsche Slovenia has been the main importer for Škoda Auto, controlled by the Salzburg office, which is in charge of all Eastern European markets. There are 17 Škoda Auto dealerships in Slovenia and they all compete with each other. There are three Porsche Inter Auto branch offices (under Porsche Slovenia), one of them is Porsche Verovškova in Ljubljana and the other two are in Maribor and Koper. All 17 dealerships are covering most of Slovenian regions. The region that is not well covered is Pomurje, where the sales of Škoda cars are horrible and, therefore, Škoda Auto is starting to improve the situation. Also, all 17 dealerships are advertising their region by themselves and, therefore, marketing is regionally covered. For example, Škoda Auto Porsche Verovškova can advertise up to Vrhnika, Trzin, and Grosuplje (Ovijač, 2007).

The segment that buys the most Škoda cars in Slovenia is between 40-50 years old. There is also a new segment appearing of people between 25-35 years old with young families. So far, the trend remains the same; the old Škoda customers remain to be Škoda owners. These old customers, who have had a Škoda car for over 10 years, come and buy a new one; they exchange the old Felicia for new Octavia, or they exchange Fabia for the new Fabia. New customers switch from Ford, Citroën, Renault, and Volkswagen segment and buy a Škoda car. Little number of students or people, who just graduated, buys a Škoda car. Also, many companies, such as construction and pharmaceutical, buy Škoda cars as their company cars. It is evident that old customers know that a person gets a great car value in, for example, Škoda Octavia for good money. However, new customers eventually realize that by word-of-mouth, which is very important for Škoda Auto in Slovenia (Ovijač, 2007).

People, who buy a Škoda car for the first time, are very well informed about its qualities through Internet and word-of-mouth. On the Internet, they can get all the information and sometimes they already come to the Škoda salon with an order; they know exactly what they

want. Also, they like to see the car and try it before they decide to buy it. The reasons that people buy a Škoda car are the following: increase in family members, buying a new car because the old one is too old, and because they know that by buying Škoda, they will get good value for good money. It is important to mention that Slovenian drivers of Škoda cars have no complaints, reclamations, and that the guarantees are always empty. Other Slovenian people are not aware enough about that because of the still lasting image process and old perception (Ovijač, 2007).

In general, the problem of Škoda Auto in Slovenia is that it does not have an established image, especially in the segment of women and young people. For that segment, Škoda cars are not very likable cars and Škoda Auto image is slowly being built. Before Porsche Slovenia, the importer of Škoda Auto was Avto Impex and there, the Škoda was basically selling by itself; it had no guidance from the importer. Now, under Porsche Slovenia, the importer is more intensively appearing in the media for its other car brands and, therefore, also for Škoda cars. Škoda Auto has been basically selling in the last year, ever since Porsche Slovenia started with more informing, advertising, and media approach (2003-2005). That process, of getting Škoda Auto an image and change customer perception in Slovenia, is a long process and it may take up to 10 years. A lot of energy and money needs to be invested in order to sell Škodas; under Porsche Slovenia that is resolved in a much better way than it was before under Avto Impex. For example, the introduction of Roomster in Slovenia was so extravagant that it seemed that they Škoda Auto is introducing a plane and not a car. It is crucial to admit that Škoda Auto is still young in Slovenian market. However, the sales trend of Škoda Auto is steadily increasing compared to the whole Volkswagen Group, where the sales trend is decreasing in Slovenia. In 2006, Škoda car sales remains on the tenth place in Slovenia, increasing its sales for 228 personal cars since 2005, which resulted in 3.4 percent of market share (Ovijač, 2007).

The process of establishing an image is not finished yet and most of the Slovenian customers still have the old, wrong perception about Škoda Auto. Otherwise, it is hard for existing and new customers to find any other reasons for not buying a Škoda car, because that car has in fact tremendously improved. Many Slovenian people do not like Škoda's green logo and, therefore, they believe that Škoda Auto should change the green color of its logo. Also, one funny saying says that Škoda has 6 mistakes: four logos on wheels, one logo in front of the hook, and one logo in the back of the trunk. In the Prague Škoda Auto museum, there is a whole collection of Škoda Auto logos from the past. The logo before the green one was made out of chrome and people really liked it (Ovijač, 2007).

In order to improve Slovenian old customer perception about Škoda cars and accelerate the image establishment., Škoda Auto Slovenia will try to use existing customer references, more media advertising such as commercials, radio, TV, advertisements, direct mail, e-mail (mostly radio and TV). However, the marketing budget has its own limits. Therefore, Škoda Auto Slovenia will try to interest more people to come to the Škoda Auto salon and try Škodas for test-driving. At the same time, the salon would have some short presentation about Škoda

Auto and its history. By that, Slovenian people could get more aware about Škoda Auto's tradition, quality, and the way of doing its business (Ovijač, 2007).

As Mrs. Ovijač believes, Škoda Auto should think about making a more likeable car, but they will most likely not because they are a conventional and traditional company and put much more emphasis on quality and material than on design. However, there are some new models coming, slightly different in design. A new Octavia Scout 4x4 coming (limited edition) and the new comer is also Roomster. They should start offering some new commercial cars – pick up (maybe Roomster will also be offered as pick-up) because Škoda Auto had pick-ups in the past: Felicia and Favorit Forman pick-up. Now, they are not offering any and they are for sure missing a cheap, commercial car (Ovijač, 2007).

Mrs. Ovijač considers, along with Škoda Auto Slovenia, that the biggest Škoda Auto competitors in Slovenia are Citroën, Renault, Volkswagen, Audi, Peugeot and Opel. When talking only about Škoda Octavia, which is the best selling Škoda car model in Slovenia for the past years, the main competitors are Volkswagen Golf, Renault Laguna, Opel Astra, Ford Mondeo, and Citroën C4. Renault is the main competitor because it has enormous discount offers (Ovijač, 2007).

Škoda Fabia, Octavia, and Roomster represent the middle class car segment in Slovenian market. Škoda Superb falls into the high class car segment. In Slovenia, Škoda Auto sales only 10 Superb cars per year, because they are very expensive. Also, Škoda Superb was never introduced to Slovenian market, and it does not appear in the catalogue for Škoda Auto Slovenia. Škoda Auto Slovenia should either take the Superb out of the market or start introducing it with strong media support. The new Roomster is segmented by Škoda Auto Marketing as a car for young people but in Slovenia, old people came to buy Fabia and they left with Roomster because it is easier for them to get in and out of the car. The question is, if Škoda Roomster was segmented and marketed wrong by Škoda Auto Head Marketing Department since the beginning? However, it is true that every new car such as Roomster needs six months to be completely launched, and maybe than the right, original segment will start to buy it (Ovijač, 2007).

It can be now said that Škoda Auto does no longer offer cheap cars like it used to in the past because of its high quality. Therefore, it is hard to compare a Škoda Auto to for example, Renault Clio. With Clio, Renault is mostly making fun out of their clients because Clio is advertised as a car that can be bought for less than EUR 8,300 (SIT 2,000,000) and that is exactly what Slovenian customers go for. However, there is a big difference between Renault Clio or any Škoda car and Slovenian people are not aware of that yet. In Slovenia there are numerous possibilities of loans and leasing for cars and basically everyone, who is employed, can afford any kind of car but then he/she cannot maintain it and pay for it. It is quite obvious that people in Slovenia love and are obsessed with discounts – they actually buy discounts and not cars (Ovijač, 2007).

For conclusion, it is important to mention that Škoda Auto has terrifically improved as Volkswagen took full ownership in 2000. Since that time, Volkswagen has been sharing many car platforms with Škoda Auto and that is one of the reasons for Škoda's extensive improvement. According to Sullivan (1998, pp. 154), cars made on the same platform are called twin cars. Twin cars are usually made in the same plant, on same platform, and have essentially similar physical attributes but different brand names; for example: Volkswagen's Golf and Škoda Auto's Octavia. It can be logically said that if these two models of a twin pair are perceived as perfect substitutes, their relative price should equal unity. Also, brand names could cause the demand for twin models to differ, if customers use these brand names to make conclusions about unobservable quality. Customers can also prefer one brand name over another for status or prestige. Therefore, the relative prices of twin cars differ from unity, which entails that customers do not perceive twin cars as perfect substitutes (Sullivan, 1998, pp.154). Previous statements perfectly describe the current situation of Škoda Auto in Slovenian market. Therefore, as Mrs. Ovijac said, Škoda Auto needs to promote its cars more in order to change the old customer perception of Slovenians.

4.3. QUALITATIVE ANALYSIS

One part of the empirical research was conducted through qualitative research methods. I conducted all six in-depth interviews in two days (February 9-10, 2007) at interviewee's home. Qualitative methods were performed by six in-depth interviews with six different people: three non Škoda car owners, two Škoda car owners, and Director of Sales for Škoda Auto in Slovenia – the central dealership Porsche Verovškova. The purpose of qualitative analysis was to better understand the situation of Škoda Auto in Slovenia in order to analyze as well as propose in detail the most appropriate company positioning, customer perception, and brand image of Škoda Auto in Slovenian market.

The group of three non Škoda car owner was represented by one woman (42 years old), and two men (33 years old and 71 years old). Two Škoda car owners were represented by one woman (60 years old) and one man (30 years old). The Director of Sales for Škoda Auto Verovškova in Slovenia was a woman (38 years old), who drives as Škoda car because every sales person at Škoda Auto Slovenia drives it as a company car. I decided to interview owners and non-owners of Škoda in order to get the opinion of Škoda Auto from both perspectives. Each interview included the same survey of 25 questions, it was conducted separately with each person, and it lasted approximately one hour.

When I asked about what a car means to them, all six respondents answered that it means necessity. All six people vary when it comes to choosing their three most preferred cars; they all included Volkswagen, three included Volvo, two included either Toyota, Audi, Honda, Škda Auto, or Mercedes Benz, and one included either BMW, Lancia, or Renault. When I asked about the most important features when considering a car, all answered safety, four also added comfort, quality, and economic consumption, three people also included space, reliability, and details, and one person as well mentioned design.

Five people strongly disagree that products made in the Czech Republic are generally of a lower quality than similar products available from other countries, while one non Škoda car owner is undecided; I got exactly the same answers when I stated that the products made in the Czech Republic are usually a good value for the money. When talking about what the name Škoda means to them, all answered a car and four people also added tradition. When asking about whether they would purchase a Škoda car, both Škoda car owners would buy it again, the Director of Sales for Škoda Auto Verovškova would also buy it, and the three non Škoda car owners would never buy a Škoda. All six people agree that Škoda Auto offers value for money and all believe that Škoda is of high quality. Five respondents view the Škoda brand name positively while one non Škoda car owner is undecided. When I asked if Škoda Auto has changed in the last 15 years, they all answered yes because Volkswagen Group took over them. Also, some added the following: one non Škoda car owner said that they also changed because they kept up with technological changes, one Škoda car owner said they improved enormously quality wise, one Škoda car owner believes they modernized, and the Director of Sales for Škoda Auto Verovškova believes they also changed because of more media advertisement.

Both Škoda car owners' first choice would be a Škoda car while all others do not agree. One Škoda car owner agrees and the Director of Sales for Škoda Auto Verovškova is undecided that driving Škoda reflects their personality while all other four disagree with that statement. The two non Škoda car owners would not prefer to buy a Škoda, even if it has the same features as another car brand while four other would prefer to buy a Škoda in that case. Based on the fact that Škoda Octavia and Volkswagen Golf are built on the same platform and they share up to 90 percent parts, five people would buy Škoda Octavia instead of Volkswagen Golf and one non Škoda car owner would not buy Škoda Octavia, because he prefers the design of Volkswagen Golf. All strongly disagree that Škoda car appears to be of very poor quality, however, two Škoda car owners agree, the Director of Sales for Škoda Auto Verovškova neither agrees or disagrees, and the three non Škoda car owners disagree that Škoda is a desirable brand. When I asked if there are only minor variations among brands of cars in terms of quality, all six people agreed.

The six respondents named the following Škoda Auto's competitors in Slovenian market: Renault, Volkswagen, Opel, Ford, and Citroën. They all believe that people, who buy a Škoda car for the first time, know that it is a good car because they can get all the necessary information through Internet, friends, word of mouth, advertising, catalogues, dealerships, etc. Both Škoda car owners said that people decide to buy a Škoda car because they know that it is a good car offering good value for good money and because they are aware that a Škoda car has basically everything than any other car.

I received the following answers, when I asked what Škoda Auto needs to change to sell more cars: one Škoda car owner said that Škoda Auto need to advertise more about its cars and their tradition, the other Škoda car owner said they do not have to change anything, all three non

Škoda car owners think they should change the design and offer more models, the Director of Sales for Škoda Auto Verovškova believes they should change the color of its logo. They all believe that people in Slovenia are not buying Škoda cars because of their old stuck in perception, because of their belief that a car represent their status symbol as well as shows their personality, and because there is still not enough advertising. When I asked them, how to change the old stuck up perception of Slovenian people of Škoda Auto, they all answered by more media advertising to point out Škoda Auto's quality and tradition. Also, one Škoda car owner said to advertise the existing car models stronger while the Director of Sales for Škoda Auto Verovškova thinks that Škoda Auto should introduce a cheap, commercial pick-up car. Four people also believe that Škoda Auto should change its car design while the two Škoda car owners would leave the design as it is.

It can be seen from the in-depth interviews that non Škoda car owners still have the old perception of Škoda Auto even though it can be seen from their answers that they do realize that Škoda Auto has made some major improvements and can be basically compared to any car. I believe that the main reason for that stuck in perception of Slovenian people comes from the typical thinking that a car represents a status symbol. On the other hand, the owners of Škoda car lost that old perception of Škoda Auto and completely opened their mind to see that a Škoda is a good car with high quality. They really like Škoda cars and they realized that they truly offer good value for money.

4.4. QUANTITATIVE ANALYSIS

In the beginning, I would like to mention that surveys were first pre-tested by professionals and then also by ten other people in order to get their opinions, suggestions, and comments on the survey itself. Based on their opinions, suggestions, etc., the survey was edited accordingly and afterward handed out to 300 hundred people over the Internet; the survey can be found in the Appendix 2.

In that chapter, main results from a survey, which was conducted in February 2007 among 300 respondents, are introduced.

Sociodemographic features of a sample
The sex structure of respondents is balanced and similar to the structure of the Slovenian population; in the survey, 51 percent of women and 49 percent of men collaborated (Appendix 2, Table 2).

According to an average monthly gross income, which amounts to a little less than Euro 1,300, 32 percent of respondents have a below average income, 30 percent have an average income, and 38 percent have an above average income. Since the preference for a car brand strongly depends on the purchasing power, it has to be considered that the respondents' purchasing power is higher than the actual purchasing power of the Slovenian population. Consequently, some respondents' preferences may be different as well and, therefore, the

actual survey results cannot be completely copied to the Slovenian market (Appendix 2, Table 3).

The sample of a household (number of people living in a household) is quite similar to the Slovenian population: 13 percent of respondents live alone in a household, 24 percent in a two-person household, 26 percent in a three-person household, 30 percent in a four-person household, and almost 7 percent in a five-person household (Appendix 2, Table 4).

According to the age, the sample positively deviates from the Slovenian population aged between 15 and 30 years which represents 38 percent of the population; however, there is a small sample of people aged 51 and above – only 5 percent. Concerning the age, the structure of the sample can significantly influence main results of the survey (Appendix 2, Table 1).

The average number of cars per respondent's household is 2.07. 30 percent of respondents have only one car per household, 44 percent have two cars, 18 percent have three cars, and four percent have four cars or more. 31 percent of respondents answered that they are considering buying a new car within the next six months, which, I assume, deviates from the Slovenian population (Appendix 2, Tables 5 and 6).

Analysis of answers
In the following chapters, I present basic survey results according to the next sets of features: Significance of a car, Car preference, The importance of car features, Perception of car brands – comparison, Association to Škoda Auto as a car brand, A new car model, which Škoda Auto should manufacture, and Perception of Škoda Auto as a car brand.

Significance of a car

First question for respondents was what does a car actually mean to them (see Figure 2).

Figure 2: What does a car mean to you most?
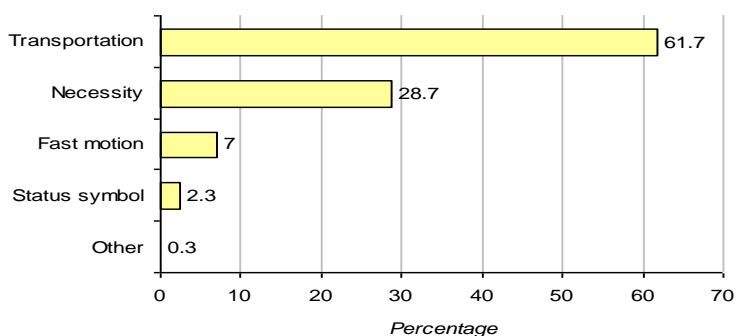
n=300
Source: Company positioning and customers' perception survey, 2007.

The majority of respondents, 62 percent, stated that a car means transportation to them. For 29 of respondents a car represented necessity. Less than 10 percent stated that a car means either fast motion or a status symbol to them.

<u>Car preference</u>

I asked the respondents in three different ways, which car they prefer the most. First, they had to choose first three most preferred cars among seven different car brands, which were chosen based on pre-testing (second question in the survey). If I only consider the first rank, which is the most preferred car, I get the following figure (see Figure 3).

One fourth of respondents decided for Audi, one fifth for Porsche, 18 percent for Mercedes Benz, 13 percent for Volkswagen, 13 percent for Volvo, eight percent for Renault, and three percent for Citröen . If I take into consideration the rank average, the ranking is pretty much the same, but the differences between Mercedes Benz and Volkswagen as well as between Porsche and Volvo cannot be confirmed (Appendix 3, Tables 9 and 10). I also asked the respondents, which car from given car brands would they buy (fourth question in the survey). They had to decide between Škoda and its four competitive car brands (Renault, Volkswagen, Audi and Citröen), using a 7-point Likert scale.

Figure 3: The most preferred car among seven cars given.
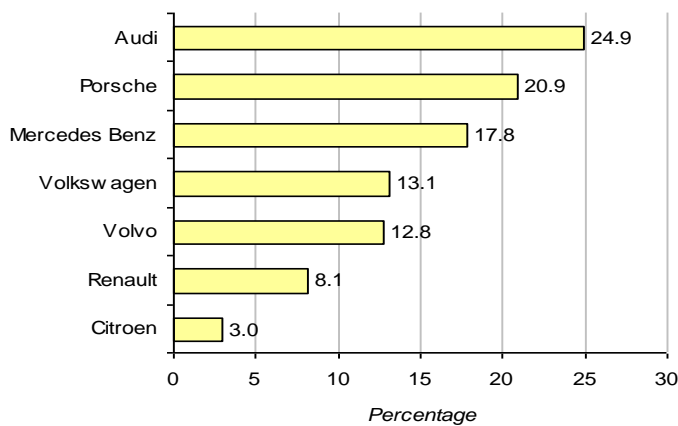
n=300
Source: Company positioning and customers' perception survey, 2007.

Figure 4: Would you buy a following car brand?
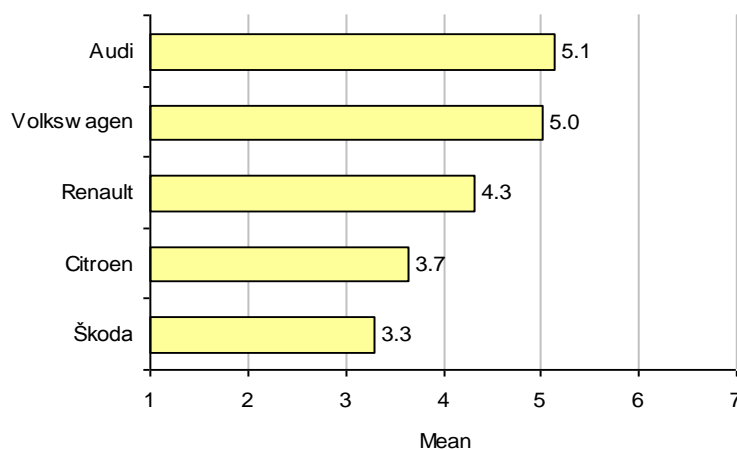
n=300
Scale: 1-least likely, 7-most likely.
Source: Company positioning and customers' perception survey, 2007.

First two places belong to Audi and Volkswagen, followed by Renault and Citröen (see Figure 4). The last place belongs to Škoda, which is the only brand on average graded below the middle value of scale 3.5. The purchase of Škoda car is obviously, compared to its competitive car brands, least interesting, since only 2 percent of respondents gave it the highest grade 7, which is the lowest share among all cars (Appendix 3, Tables 14 and 15).

The last question regarding the car preference was: *The listed car brand would be your first choice…* (twelfth question in the survey), where the respondents graded five car brands using a 7-point Likert scale.

Figure 5: The listed car brand would be your first choice.
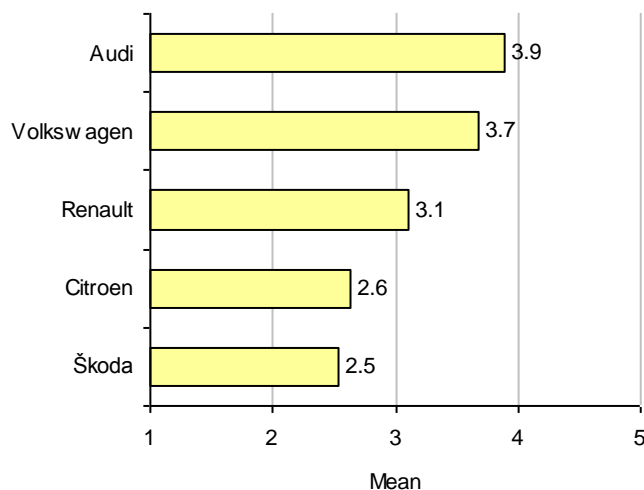
n=300
Scale: 1-strongly disagree, 5-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

Again, Audi is the most desirable car brand, followed by Wolkswagen, and Renault (see Figure 5). The last two places belong to Citröen and Škoda, where I cannot confirm any preference between them (Appendix 3, Table 29).

The most important car features

Among 11 car features, the respondents had to rank three most important ones. As far as I take into account only the most important feature, I can classify the features in the following way (see Figure 6):

Figure 6: The most important feature.
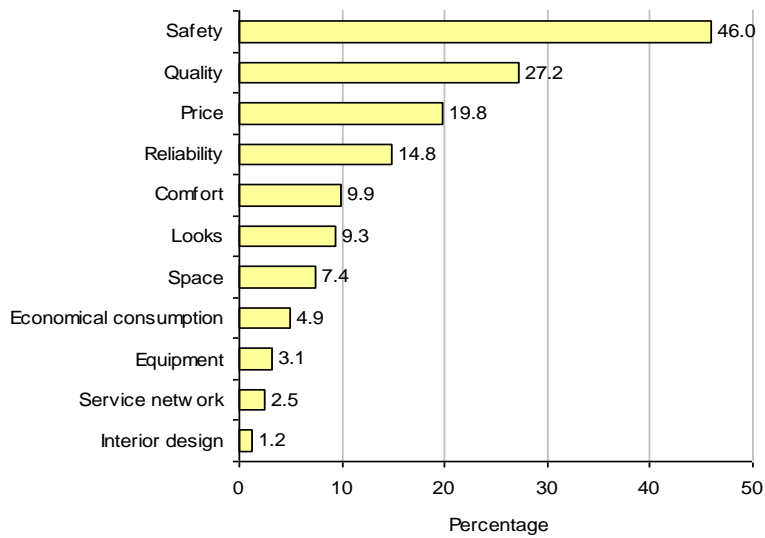
n=300
Source: Company positioning and customers' perception survey, 2007.

The majority of respondents, 27 percent, chose quality as the most important car feature. 20 percent of respondents chose price, 15 percent chose reliability, 10 percent comfort, nine percent looks, and seven percent space. The rest of the features were not so important to them, since they represent less than five percent of the answers.

As far as I consider the average rank of importance, where the most important rank was adjusted to value 3, second most important rank was adjusted to value 2, third most important rank was adjusted to value 1, and the rest unlisted ranks were adjusted to value 0, I get almost identical ranking (Appendix 3, Table 13).

Perception of car brands – comparison

In that part, I was interested in comparing Škoda with its most competitive car brands: Volkswagen, Audi, Renault and Citröen . The respondents had to grade upcoming statements using a 7-point Likert scale (see Figure 7).

Figure 7: Do the following car brands offer value for money?
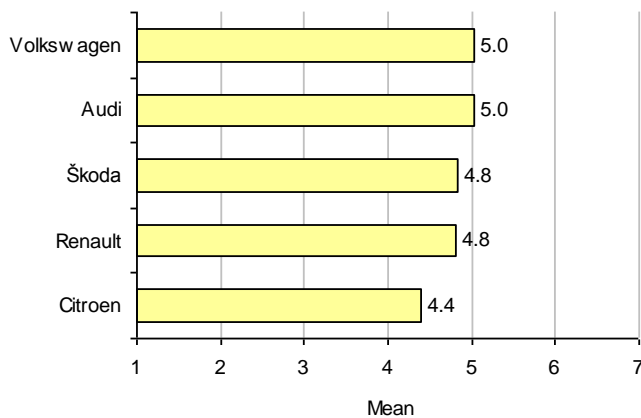
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

I cannot say for any of the five car brands compared, that the respondents do not agree with the statement that the brand is not worth its price, since all car brands were on average graded above the middle value of scale 3.5. Even though Volkswagen and Audi got the highest grade (5.0), I cannot say that they are differentiating from Škoda and Renault, which got a grade of 4.8, because the difference is not statistically significant with a risk of less than five percent (see Figure 8). The difference can be seen only with Citröen, which got a mean value of 4.4 (Appendix 3, Tables 16 and 17).

Figure 8: Do the following car brands offer quality?
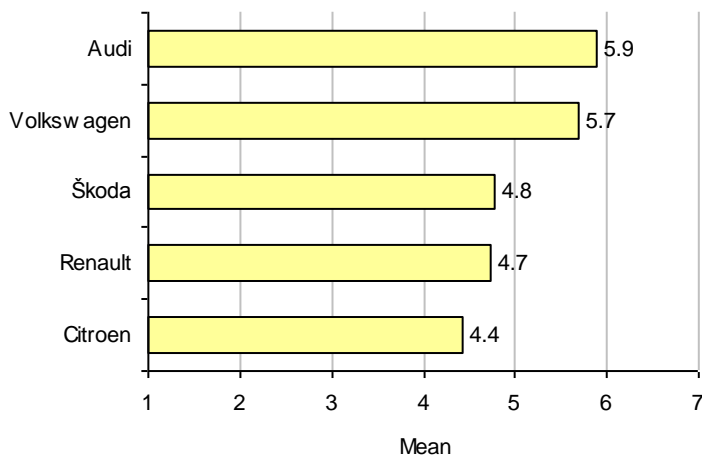
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

Audi and Volkswagen present quality for respondents, since both got an extremely high average grade. The next category is represented by Renault and Škoda, which are graded similarly. The last category is represented by Citröen (Appendix 3, Tables 18 and 19).

Figure 9: Do you perceive the following car brands reliable?
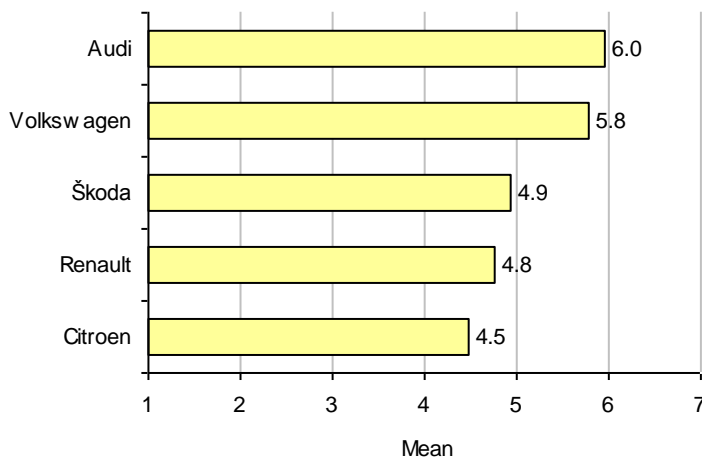
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

The highest grade for reliability was given to Audi and the second place belongs to Volkswagen. Much smaller grade was given to Škoda and Renault, between which I can confirm, only below less than 10 percent risk, that there is a difference in the benefit of Škoda (see Figure 9). Citröen is graded with the worst grade (Appendix 3, Tables 20 and 21).

Figure 10: Do you think that the following car brands offer safety?
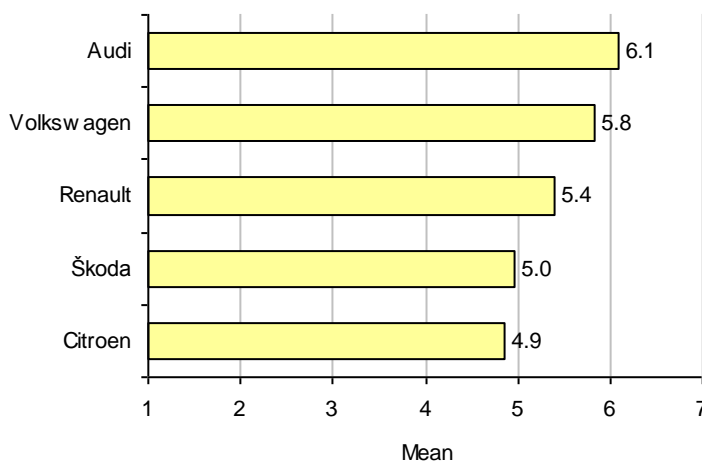
n=300
Source: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

Audi is also perceived as the safest car, the second is Volkswagen, and the third is Renault (see Figure 10). The last two places belong to Škoda and Citröen (Appendix 3, Tables 22 and 23).

Figure 11: Do the following car brands offer wide service network?
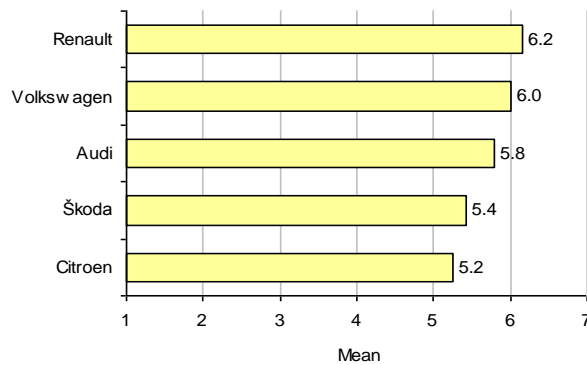
Renault 6.2
Volkswagen 6.0
Audi 5.8
Škoda 5.4
Citroen 5.2

n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

Based on the respondents' opinion, Renault offers the widest service network, followed by Volkswagen, Audi, and Škoda (see Figure 11). Once again, Citröen is on the last place (Appendix 3, Tables 24 and 25).

Based on the analysis of perception of selected car brands, I find out that Audi and Volkswagen are graded the best in all categories, except from the service network, where Renault got the best grade. The perception of Škoda is the most similar to the perception of Renault. Citröen basically cannot be compared to any of the selected car brands at all. However, it is interesting, that Citröen , as a desirable brand when purchasing a car, is graded similarly or even better than Škoda. Since all facts that are gathered in that subchapter are leaning toward technical features rather than on likable aspect, I can conclude that while purchasing Škoda the rational aspect dominates and not the emotional, as while purchasing Citröen .

Association to Škoda Auto as a car brand

In the survey, I also posted an open-ended question: *What does the brand name Škoda mean to you?* I coded the answers and got five major groups.

The perception of Škoda was obviously marked by the Volkswagen acquisition, because 38 percent of respondents stated that they associate Škoda with a statement *Czech company with a German touch*. The second most repeated association was *Good value for money,* which was stated by 35 percent of respondents. For 15 percent of respondents, Škoda means tradition, for seven percent it means bad quality, and for five percent it means a bad logo and design (see Figure 12).

Figure 12: What does the brand name Škoda mean to you?
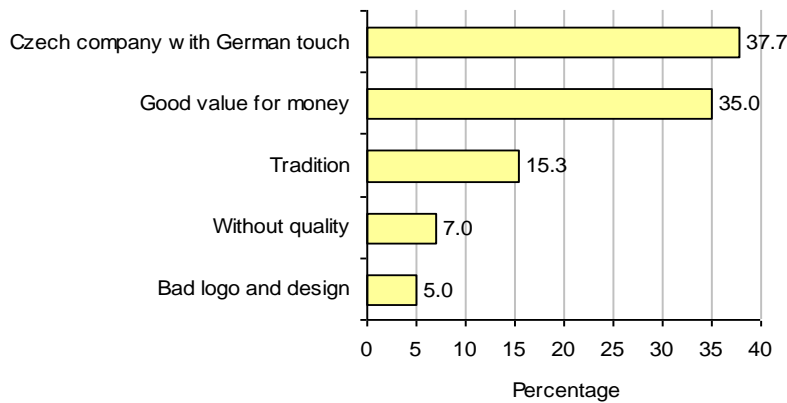
n=300
Source: Company positioning and customers' perception survey, 2007.

Perception of Czech products and variation of car brand quality

The respondents answered, using a 7-point Likert scale, two questions regarding the quality of Czech products and a question on the variation of car quality based on a brand.

Figure 13: Czech products and variations among brands of cars in terms of quality.
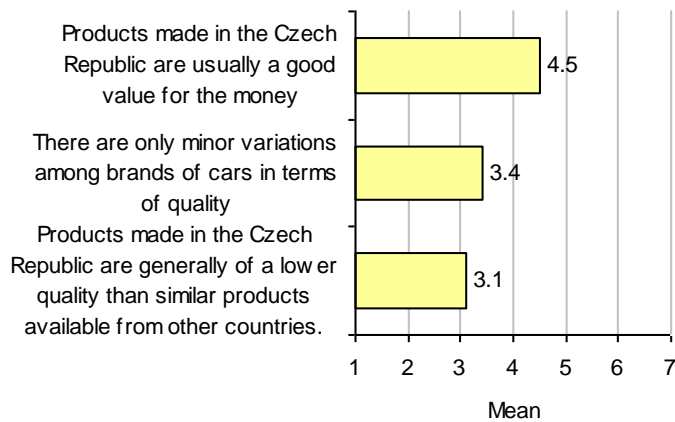
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

On average, Czech products are graded as good, since the statement regarding the relationship between its price and quality is graded above the middle value of scale. The statement *Czech products are generally of a lower quality than similar products from other countries* is graded below the middle value of scale. The statement *There are only minor variations among brands of cars in terms of quality* is graded close to the middle value of scale, which means that on average the respondents somehow agree with that statement (see Figure 13) (Appendix 3, Table 30).

A new car model, which Škoda Auto should manufacture

53 percent of respondents believe that Škoda should introduce a Jeep type (SUV) of a car, followed by a sports car (21 percent), a minivan (17 percent), and a pick-up truck (7.7 percent) (see Figure 14) (Appendix 3, Table 32).

Figure 14: What kind of car model do you think Škoda Auto should introduce in its line?
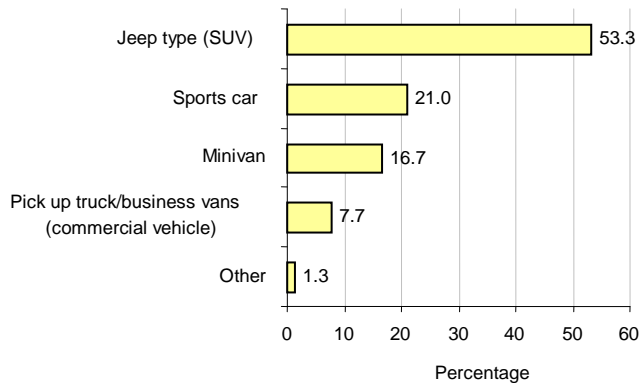
n=300
Source: Company positioning and customers' perception survey, 2007.

Perception of Škoda Auto as a car brand

The results of that set are presented in the end, even though this is one of the most important sets. Based on the statements regarding the perception of Škoda as a car brand, I designed segments of people based on their relation toward Škoda (see Figure 15).

Figure 15: To what degree do you agree with the following statements?
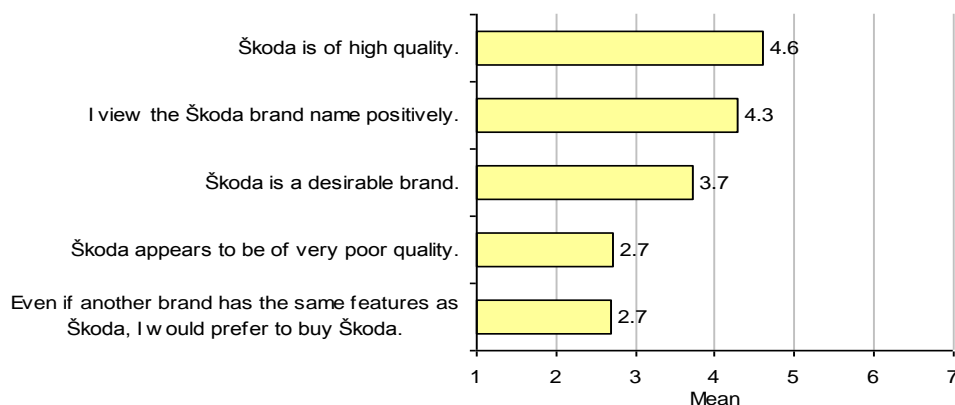
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

The figure above presents the mean values of statements regarding the relation toward Škoda as a car brand. Respondents graded these statements using a 7-point Likert scale. Three statements were graded above the middle value of scale 3.5.

The statement *Škoda is of high quality* was graded the best with a mean of 4.6. One fourth of respondents graded this statement with 6 or 7 whereas grade 1 or 2 was only chosen by seven percent of respondents (Appendix 4, Table 33).

The statement *I view the Škoda brand name positively* is graded with the mean of 4.3; 29 percent of respondents graded that statement with either Agree of Strongly agree. 15 percent of respondents graded that statement with the lowest grade (Appendix 4, Table 33).

The respondents on average agree (mean of 3.7) with the statement *Škoda is a desirable brand.* Most of the respondents, 29 percent, decided for the Undecided grade and ten percent decided for the grade 6 or 7. Almost 23 percent of respondents strongly disagree with this statement (Appendix 4, Table, 33).

The statement *Škoda appears to be of very poor quality* is graded with the mean value of 2.7. One fifth of respondents strongly disagree with that statement whereas more than one third of respondents (36 percent) disagrees. Only five percent of respondents agree or strongly agree with the statement (Appendix, Table 33). It can be evident that respondents mostly believe in the quality of Škoda,

The statement *Even if another brand has the same features as Škoda, I would prefer to buy Šk*oda is graded with the mean value of 2.7 and shows that Škoda is not a very desirable brand. Moreover, it does not have very loyal customers. Almost one third of respondents (32 percent) strongly disagree with that statement and one fourth of respondents (24 percent) disagree with the statement. Only six percent of the respondents seem to be loyal to Škoda by answering the statement with Agree or Strongly agree (Appendix 4, Tables 33 and 34).

Segmentation
For the purposes of segmentation I decided to use the Ward method. The method considers the segments homogeneity as well as their mutual separation. For the distance between points I considered the square root of Euclidian distance.

As already stated, I performed the segmentation based on the questions regarding the perception of Škoda as a car brand. The goal of segmentation is to recognize characteristics of segments and their attitude toward Škoda in greater detail, which helps me to formulate a strategy for promotion of Škoda as a car brand. In the following part, I am presenting the basic analysis of statement results based on which the segmentation was conducted.

Based on the dendrogram (Appendix 4, Figure 1), I defined three groups of respondents, named Haters, Neutrals, and Fans.

Figure 16: Average value of answers based on the segments.
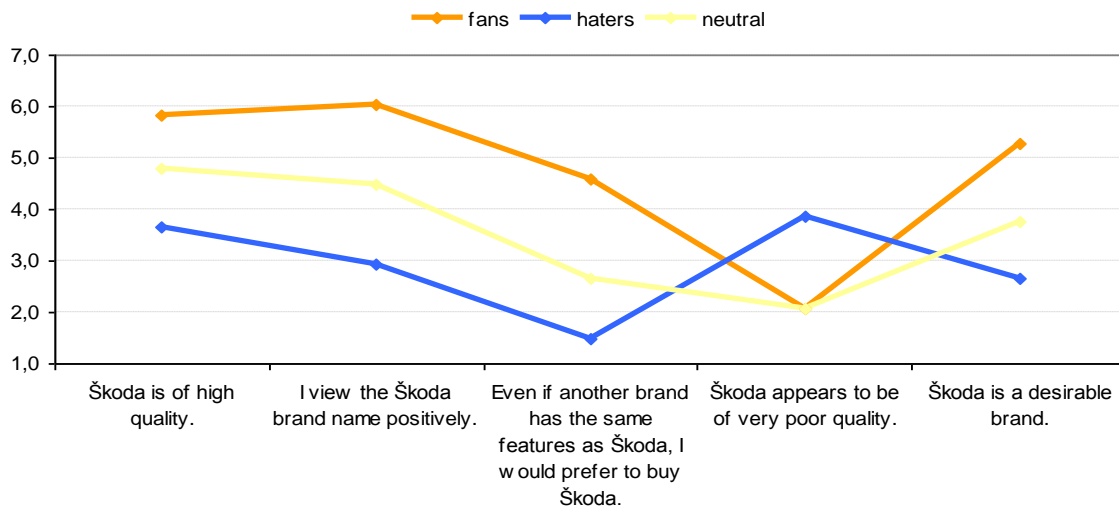
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

The segments mostly differ with the statements *I view the Škoda brand name positively*, *Even if another brand has the same features as Škoda, I would prefer to buy Škoda, Škoda is of high quality*, and *Škoda is a desirable brand*. Fans on average graded these statements most positively, Neutrals graded them as something in between, and Haters graded them negatively. Concerning the statement *Škoda appears to be of very poor quality*, there is no difference between Fans and Neutrals, who do not agree with that statement. On the other hand, Haters on average agree with that statement (see Figure 16) (Appendix 4, Tables 33 to 37).

I continue with the size of the segments.

Figure 17: Segments according to their relation toward Škoda.
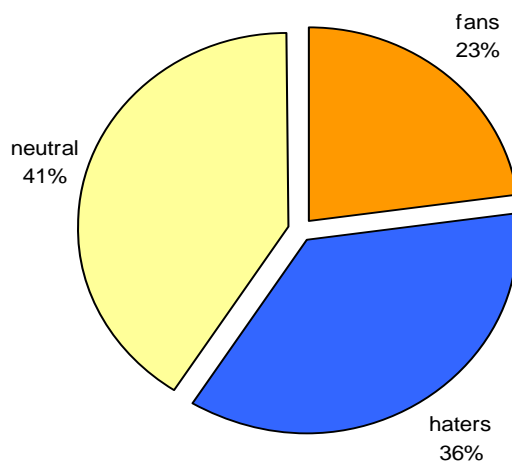
n=300
Source: Company positioning and customers' perception survey, 2007.

People that have a neutral relation toward Škoda represent 41 percent of respondents – Neutrals. Haters represent 36 percent of all respondents, whereas Škoda Fans have a 23 percent share (see Figure 17).

Sociodemographic features of segments

The biggest share of respondents younger than 30 can be found in the Fans segment (47 percent), whereas in other two segments, this share amounts to a bit more than one third. The share of respondents older than 40 is the biggest in the Haters segment (27 percent), a bit less than a quarter in the Neutrals segment, and only 14 percent in the Fans segment. In spite of that, we cannot statistically confirm differences in age, since Chi-square statistics is not significant (Appendix 5, Tables 37 and 38).

Among Haters, the share of women is bigger than a share of men (59.3 percent), in other two segments, however, the share of women is approximately 45 percent. Differences concerning sex can be confirmed only in the case of risk that is lower than 10 percent (Appendix 5, Tables 39 and 40).

Haters have the biggest share of respondents with a personal income above average (41 percent). Among Fans, there are only one third of respondents with personal income above average, and 37 percent among Neutrals. On the other hand, the share of respondents with income below average is the biggest in the Fans segment (Neutrals: 30 percent, and Haters; 32 percent). Differences concerning income cannot be statistically confirmed (Appendix 5, Tables 41 and 42).

According to the number of people living in a household, there is no difference among segments (Appendix, Sociodemographic features of segments, Tables 43 and 44); on the other hand, concerning the number of cars, the Haters segment partially deviates with only 21 percent of respondents that have only one car per household (Neutrals: 31 percent, and Fans: 39 percent). Haters represent the biggest share (31 percent) of respondents that have 3 or more cars per household; the smallest share among those who have 2 cars per household is in the Fans segment (22 percent). Differences are nevertheless too small to be statistically confirmed (Appendix 5, Tables 45 and 46).

With regard to sociodemographic features, segments do not differ essentially; it has to be mentioned, however, that Haters positively stand out with the prospect of income and women represent a bigger share. The Fans segment has on average the lowest income and the smallest number of cars per household.

In the following paragraphs, more features of segments are described based on the respondents' answers.

<u>Significance of a car</u>

For all segments, a car represents mostly transportation. 9 percent of Haters, 8 percent of Neutrals, and only 3 percent of Fans decided for the answer *fast motion*. A car represents necessity for 38 percent of Fans, and only for a bit more than a quarter of Haters and Neutrals. Differences among segments cannot be statistically confirmed (Appendix 6, Tables 49 and 50).

<u>Car preference</u>

Among seven cars listed, differences in the average rank are seen in the preference for Volkswagen. In this case, Fans stand out, since they prefer Volkswagen much more than other two segments (Appendix 6, Tables 51 to 54).

Figure 18: The most desired brand according to segments.
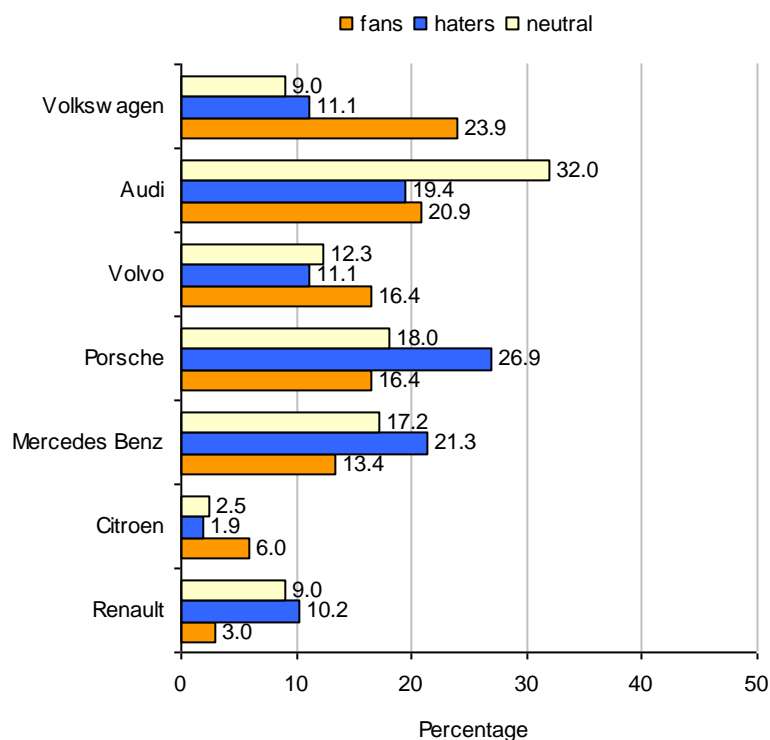
n=300
Source: Company positioning and customers' perception survey, 2007.

As far as I only take into account a car brand that is the most desired by respondents, it is found out that Fans mostly prefer Volkswagen, Haters Porsche, and Neutrals Audi (see Figure 18).

Answer on the question *Which car brand would you buy among five listed brands (Volkswagen, Audi, Škoda, Renault, and Citröen)* shows statistically significant differences in the case of answers that concern purchase of Škoda only. Haters almost certainly would not

buy Škoda (2.2), Neutrals are moderately in favor of buying Škoda (3.5), whereas Fans would almost certainly buy that car brand (4.8) (Appendix 6, Table 58 through 61).

A similar question was raised again, namely *Which car brand would be your first choice.* Respondents graded Volkswagen, Renault, Škoda, Citröen , and Audi on the scale, where 1 means Strongly disagree and 5 Strongly agree.

Figure 19: The listed car brand would be your first choice.
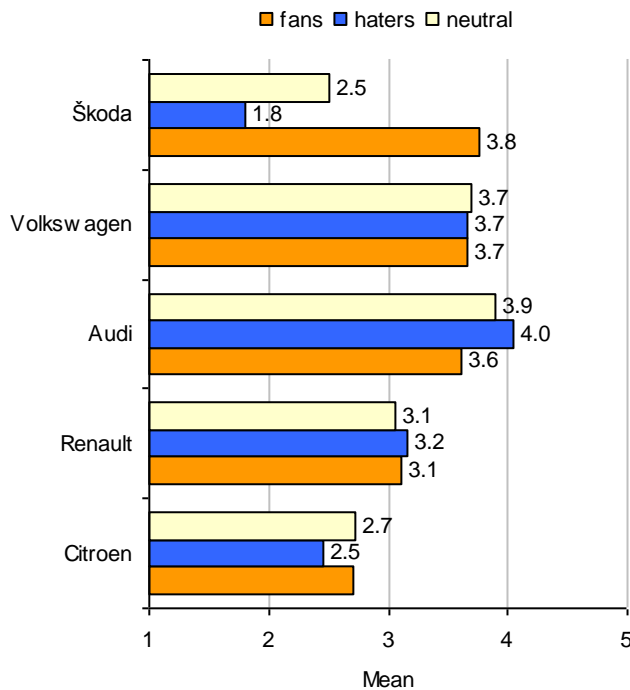
n=300
Scale: 1-strongly disagree, 5-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

Statistically confirmed difference among segments can be seen only in the case of Škoda, where Haters' grade is again very low (1.8); moreover, Neutrals are not very enthusiastic as well, since their average grade is below the middle value (2.5). On the other hand, Fans are in favor of purchase with the average value of 3.8, which is the highest grade among all car brands for that segment (see Figure 19) (Appendix 6, Tables 67 to 70).

The most important car features

According to the importance of car features, there is no difference among segments that could be statistically confirmed in average ranks (Appendix 6, Tables 55 to 57). Derogations can be seen concerning the most important feature, which a car should have.

The largest number of Fans chose reliability, followed by quality, comfort, and price. The biggest share of Haters decided for quality, followed by price, reliability, etc. Among Neutrals, the largest number chose quality and then price (see Figure 20).

Figure20: The most important car feature.
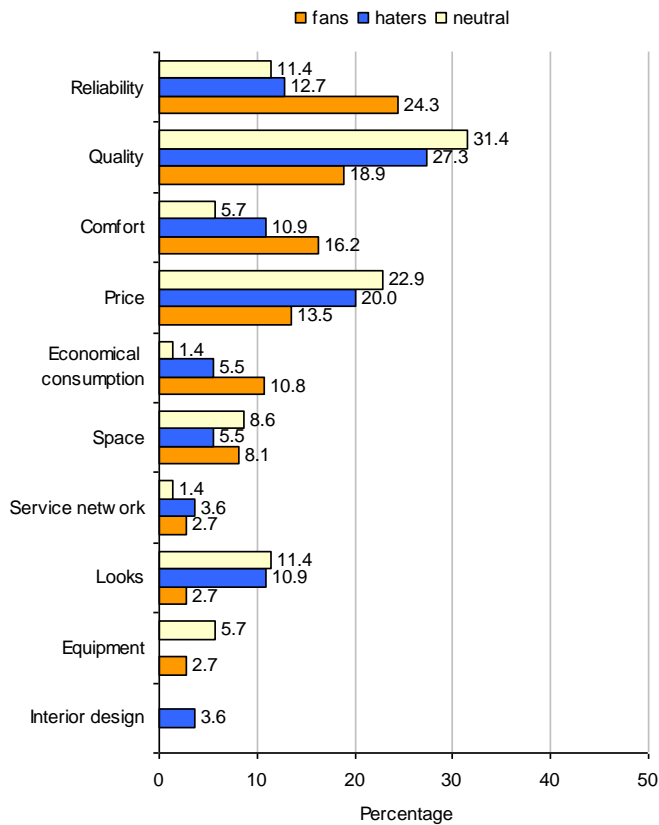
n=300
Source: Company positioning and customers' perception survey, 2007.

General opinion on Czech products

The segment of Fans most strongly agrees with the statement that Czech products are a good value for money, but the mean value is still above the middle value of scale 3.5. Haters most strongly believe that products made in Czech Republic are generally of a lower quality, Fans, however, most strongly disagree (see Figure 21). Moreover, Haters most strongly believe that there are only minor variations among car brands in term of quality; Fans, again, most strongly disagree (Appendix 6, Tables 71 to 74).

Figure 21: General opinion.
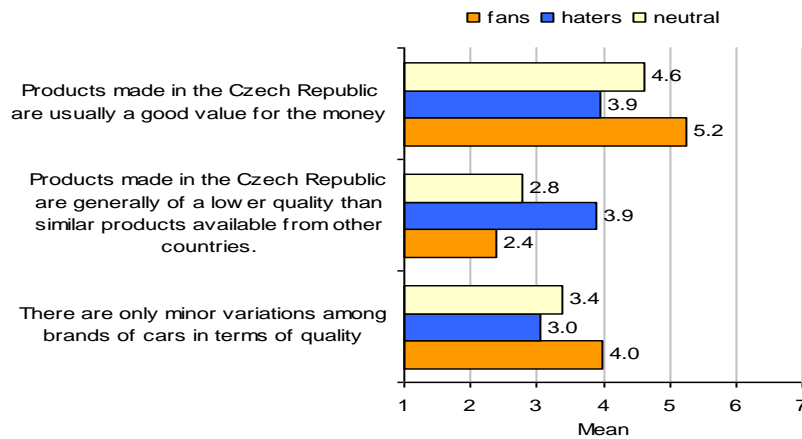
n=300
Scale: 1-strongly disagree, 7-strongly agree.
Source: Company positioning and customers' perception survey, 2007.

The most desired new car model from Škoda Auto

The segment of Haters stands out according to preference for Pick up truck, which was chosen by 13 percent of respondents; on the other hand, only 5 percent of respondents from other two segments find this type of car interesting. Neutrals stand out due to their preference for Jeep, which was stated by approximately 60 percent respondents from this segment. On the other hand, only 47 percent of Haters chose this type of car. Fans stand out from other two segments in their preference for Minivan, which was chosen by almost one fourth of respondents (see Figure 22) (Appendix 6, Tables 75 and 76).

Figure 22: What kind of car model do you think Škoda Auto should introduce in its line?
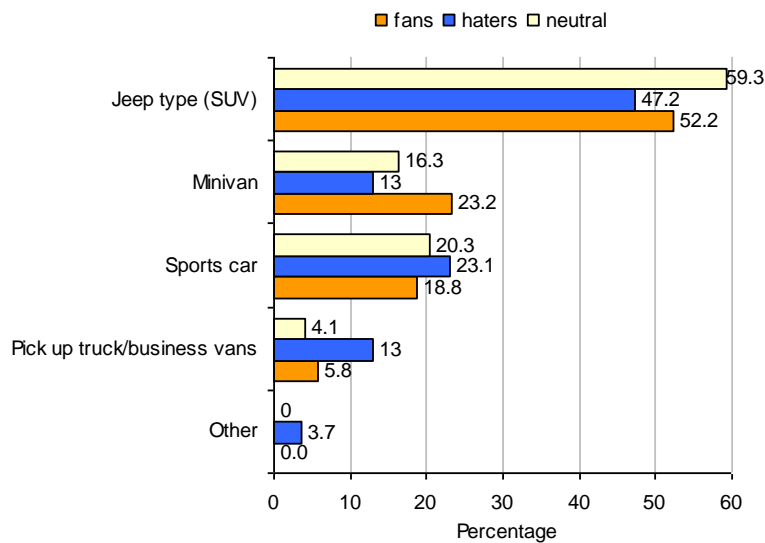
n=300
Source: Company positioning and customers' perception survey, 2007.

Perceptual maps

I used perceptual maps in order to position car brands based on segments, which were presented before. Axis Y is the axis of satisfaction with quality, which is measured on the scale from 1 to 7. Axis X is the axis of importance of that certain feature. The importance was measured in a way where the respondent, among 11 features, ranked three features from the first most important, second most important to the third most important. In order to calculate the average importance, I recoded the values of each feature in a way that each unranked feature was adjusted to the value 1, the third most important to the value 3, the second most important to the value 4, and the most important to the value 5. In such way, I wanted to enlarge the »distance« between ranked features and others that were not chosen. The calculated average importance is 2.5, which is situated a long way above the average importance of all features (1.82) – at that value the axis of satisfaction is crossing the axis of importance (Appendix 7, Table 77). The coordinate origin represents the average importance and the average satisfaction with quality. Thus, I got the following 4 quadrants (see Figure 23):

- the lower left quadrant represents the below average satisfaction and importance,
- the lower right quadrant represents the above average importance and below average satisfaction – it can be stated that respondents are disappointed with brands that are positioned in that quadrant; therefore, I do not perceive them as potential buyers of these brands,
- the upper right quadrant represents the importance of dimensions and also the satisfaction with the brand that is situated in that quadrant – potential buyers,
- the upper left quadrant represents a low degree of importance, but a high degree of satisfaction – this feature is obviously not important while measuring satisfaction; therefore, it is not the decisive factor for the selection of the brand.

Values are showed based on segments, which are designed according to the customer perception of Škoda: Haters, Neutrals, and Fans.

Figure 23: Importance and satisfaction with quality.
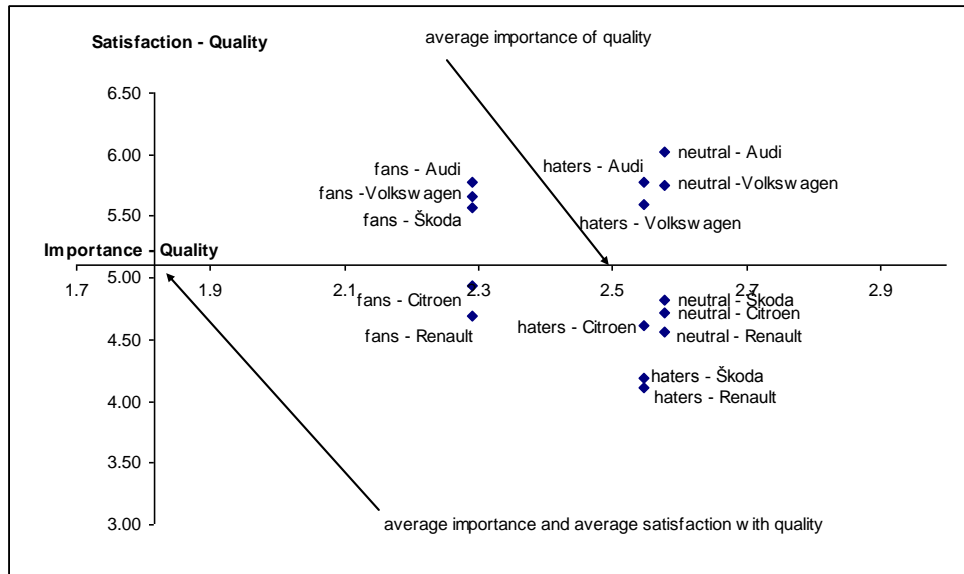
n=300

Source: Company positioning and customers' perception survey, 2007.

Figure 23 represents the map of importance and satisfaction with quality of individual brands. The average importance is 2.5 and is located quite above the average importance of all features. All the grades are located in the right quadrants. It is especially important for Neutrals, a little less important for Haters, and even less important for Fans.

With regard to the grade of importance of quality, the least demanding segment is the segment of Škoda Fans. That segment is approximately equally satisfied with Audi, Volkswagen as well as with Škoda, but much less with Renault and Citröen. Škoda Fans therefore believe that the quality of Škoda is similar to the quality of Audi and Volkswagen.

The segment of Škoda Haters, compared to the other two segments, estimates the importance of quality as something close to average. That segment likes Audi the most, followed by Volkswagen, while their satisfaction with other brands is below average. This segment grades the quality of Škoda as the worst and similar to the quality of Citröen; Renault is graded a little bit better.

Among all segments, Neutrals perceive quality as the most important. They are most satisfied with Audi and a little bit less but still above the average with Volkswagen. They grade other three brands as below average and very similar; among these three brands, the worst grade belongs to Renault and the best to Škoda.

Figure 24: Importance and satisfaction with safety.

n=300

Source: Company positioning and customers' perception survey, 2007.

Among all Škoda segments, Audi got the highest grade of satisfaction with that feature. However, Škoda along with Volkswagen got a very similar grade in the segment of Škoda Fans. The segment of Škoda Haters does not believe in quality of Škoda and it grades it similarly to Renault, while the segment of Škoda Neutrals grades it still below average but rather close to the average value – similar as Citröen and much better than Renault (see Figure 24) (Appendix 7, Table 78).

Safety is, according to respondents, the most important feature, graded with the average value of 3.44.

The segment of Škoda Fans grades Audi as the safest car, followed by Volkswagen and Renault. Škoda is on the third place, but still graded above average, while Renault is graded below average.

Neutrals and Haters graded Audi with a similar mean value as the safest car, and Volkswagen as the second safest car. The two segments also similarly graded safety of Renault, which was graded a little bit below average. The difference between the two segments is shown in grading the safety of Škoda: the Škoda Haters gave Škoda by far the worst grade for safety, while Škoda Neutrals graded safety of Škoda a little worse than Renault. The segment of Škoda Haters grades the safety of Citröen a bit better than safety of Škoda, while Citröen got the worst grade in safety among the segment of Škoda Neutrals (Appendix 7, Table 78).

Figure 25: Importance and satisfaction with Price.

Satisfaction - Price

average importance of price

fans - Škoda 5.4

haters - Audi 5.2

neutral - Škoda
neutral - Audi
haters - Volkswagen 5

neutral -Volkswagen

fans -Volkswagen
fans - Renault

Importance - Price 4.8
1.7   1.8   1.9   2   2.1   2.2   2.3   2.4
haters - Renault
fans - Audi
neutral - Renault

4.6
neutral - Citroen

fans - Citroen 4.5

4.4

haters - Škoda 4.2
haters - Citroen
average importance and average satisfaction with price

4
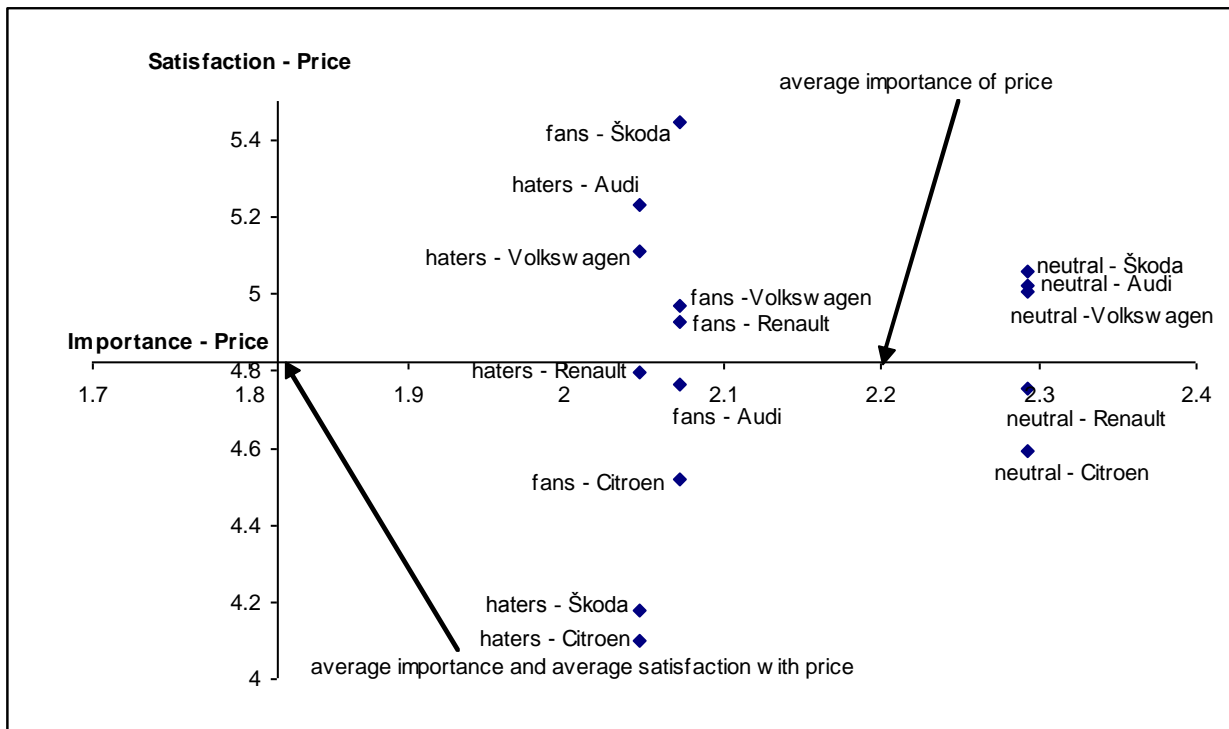
n=300
Source: Company positioning and customers' perception survey, 2007.

Price, with a mean value of 2.2, is the third most important factor and it was graded above average by all segments, especially by Neutrals. On the other hand, Haters and Fans graded price as less important (see Figure 25).

The mean value of importance with quality for all car brands is 4.8. Škoda Haters are most satisfied with the price of Audi, and a little bit less with the price of Volkswagen – but still above average. On average, they are satisfied with the price of Renault. They are below average satisfied with the price of Škoda and Citröen , where I have to mention that Škoda seems to be a little bit more acceptable for them.

Škoda Fans are, among all segments, the most excited about its price – much more than about the price of Volkswagen or Renault, which are still both graded above average. Slightly below average they are satisfied with the price of Audi, and even less with the price of Citröen.

The differences between satisfaction with price are the smallest within the Škoda neutral segment. Škoda, Audi, and Volkswagen are graded very similarly, followed by Renault, and then by Citröen (Appendix 7, Table 79).

Figure 26: Importance and satisfaction with reliability.
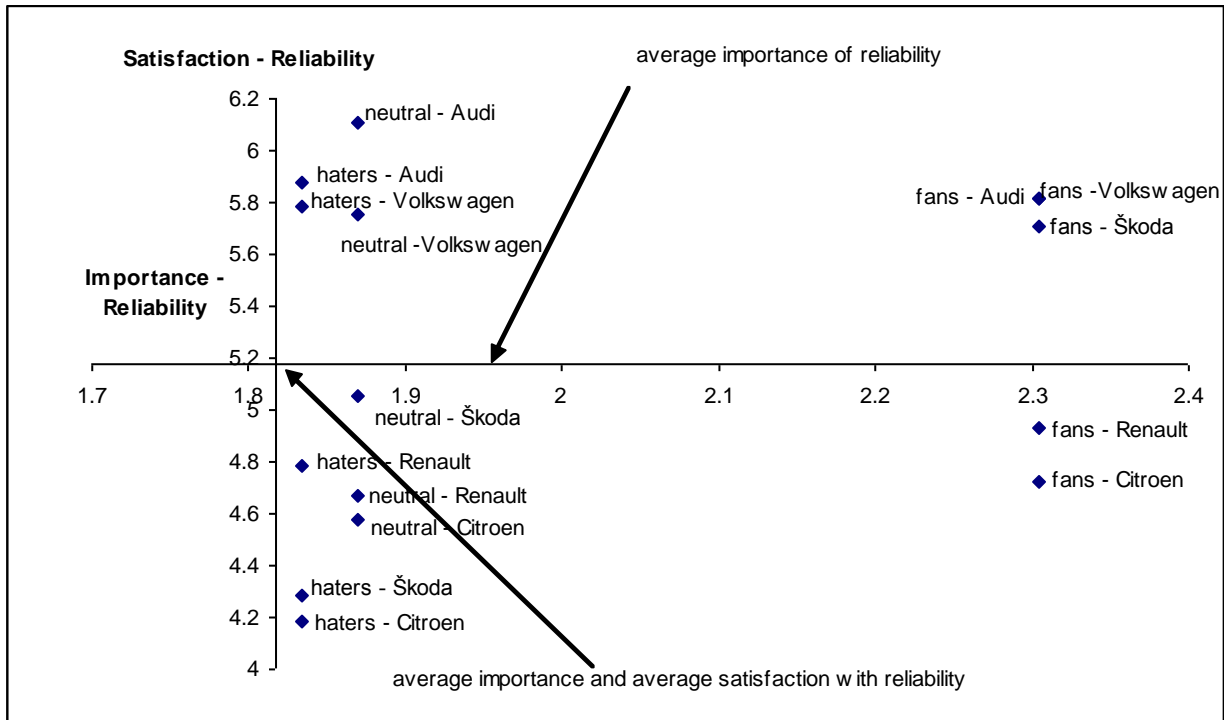
n=300
Source: Company positioning and customers' perception survey, 2007.

Reliability is the fourth most important feature with a mean value of 1.96. For Haters and Neutrals, reliability is similarly important and it is close to the average importance of any feature. Reliability is much more important for Škoda Fans (see Figure 26). Škoda Haters believe that Audi is highly reliable, and Volkswagen is slightly behind. They graded Renault below average, however, Škoda and Citröen were graded strongly below average.

Among all Škoda segments, Škoda Neutrals gave the highest grade for reliability to Audi. Reliability of Volkswagen was graded much worse, but still above average, On the other hand, they graded reliability of Škoda slightly below average and even worse reliability of Renault and Citröen .

Škoda Fans graded Audi and Volkswagen as most reliable cars, followed by a slightly worse grade for Škoda. Grades below the average were given to Renault and Citröen (Appendix 7, Table 81).

Figure 27: Importance and satisfaction with service network.
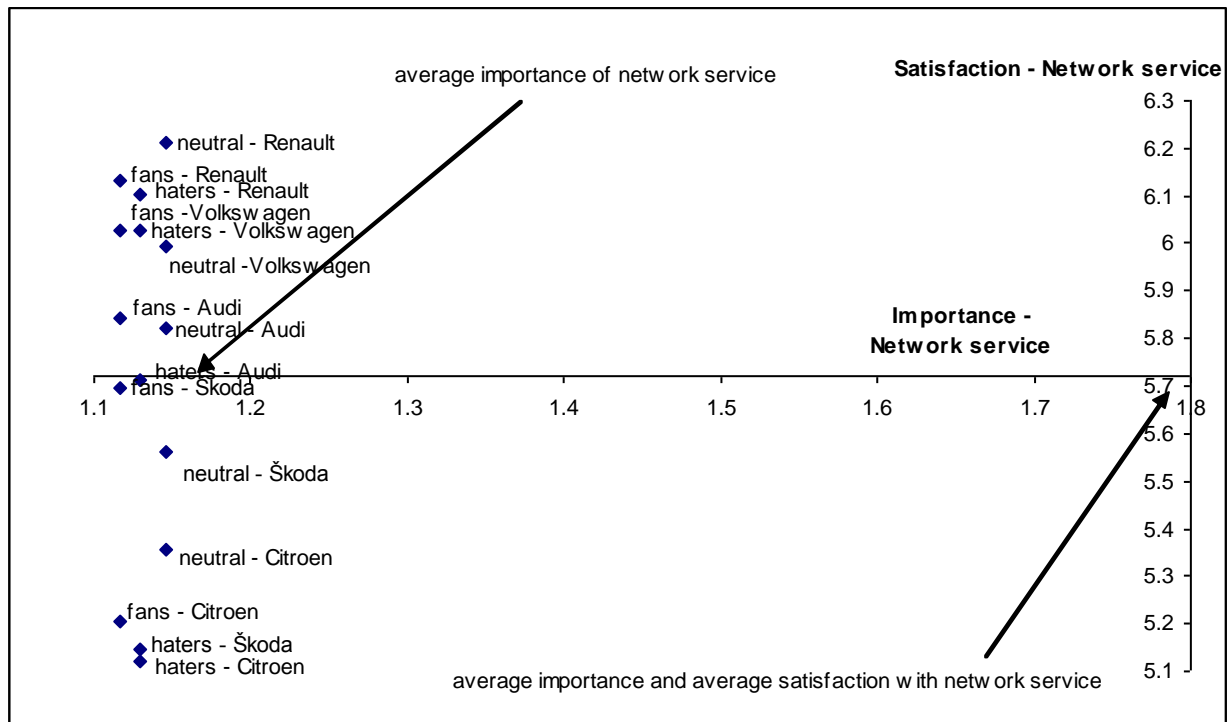
n=300

Source: Company positioning and customers' perception survey, 2007.

It can be seen from figure 27 that service network is not an important factor. With its mean value of 1.1, it is situated on a penultimate place and it is of a strongly below average importance for all three segments; there are almost none grade differences for importance.

Renault's service network is most satisfying for all three segments, followed by Volkswagen, and Audi. There are differences among segments regarding the service network of Škoda: Škoda Fans graded it best (close to average), Škoda Neutrals graded it a little bit worse, and Škoda Haters graded it badly. Haters are similarly unsatisfied with the service network of Citröen , which is graded below average by all segments (Appendix 7, Table 82).

In the following part the hypotheses were testes as followed:

H1: Škoda Auto is equally positioned among other competitive car brands in Slovenian market.

We test the hypothesis based on the statements, which refer to perception of Škoda.

 a) Do the following car brands offer value for money?

Based on the Paired Samples Test (Appendix 3, Table 16 and 17), we can see that there are not statistical differences in the grading that statement among Škoda, Volkswagen, and Renault. With significance less than 0.05, we can confirm that Audi is positioned better; with significance less than 0.01 Citröen is positioned worse.

b) Do the following car brands offer quality?

Škoda is equal to Renault, but worse positioned than Volkswagen or Audi ($p<0,01$) and better positioned than Citröen ($p<0,01$) (Appendix 3, Table 18 and 19).

c) Do you perceive the following car brands reliable?

Škoda, along with Renault, is on the third place after Volkswagen and Audi ($p<0,01$). If we take into consideration risk, smaller than 10 percent, Škoda is better than Renault. With significance less than 0.01, we can confirm that Škoda is better than Citröen (Appendix 3, Table 20 and 21)

d) Do you think that the following car brands offer safety?

Based on safety, Škoda is worse positioned than Audi, Volkswagen, and Renault ($p<0,01$). With significance than 0.1, we can say that Škoda is positioned than Citröen (Appendix 3, Table 22 and 23).

e) Do the following car bands offer wide service network?

Škoda is, based on wide service network, worse positioned than Audi, Volkswagen, and Renault but better positioned than Citröen ($p<0,001$) (Appendix 3, Table 24 and 25).

We can summarize that Škoda does not, among all statements above, deviate from the competitive car brand in Slovenian market and, therefore, we can confirm with significance less than 0.01 our hypothesis.

H2: Men grade technical characteristics of Škoda better than women.

Table 3: Descriptive statistics

|	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do the following car brands offer quality?	Female	152	4,69	1,214	,098
	Male	148	4,84	1,159	,095
Do you perceive the following car bands reliable?	Female	152	4,78	1,322	,107
	Male	148	5,08	1,053	,087
Do you think that the following car brands offer safety?	Female	152	4,86	1,247	,101
	Male	148	5,08	1,034	,085

n=300

Scale: 1-strongly disagree, 7-strongly agree.

Source: Company positioning and customers' perception survey, 2007.

We test the hypothesis with the Independent-samples T-test (see Table 4).

Table 4: T-test for Independent Samples

		Levene's Test for Equality of Variances		t	df	Sig. (2-tailed)	Mean Difference	95percent Confidence Interval of the Difference	
		F	Sig.					Lower	Upper
Do the following car brands offer quality?	Equal variances assumed	1,061	,304	-1,122	298	,263	-,154	-,424	,116
	Equal variances not assumed			-1,123	297,887	,262	-,154	-,423	,116
Do you perceive the following car bands reliable?	Equal variances assumed	8,819	,003	-2,157	298	,032	-,298	-,570	-,026
	Equal variances not assumed			-2,164	286,830	,031	-,298	-,569	-,027
Do you think that the following car bands offer safety?	Equal variances assumed	4,192	,041	-1,705	298	,089	-,226	-,486	,035
	Equal variances not assumed			-1,710	290,627	,088	-,226	-,486	,034

n=300

Scale: 1-strongly disagree, 7-strongly agree.

Source: Company positioning and customers' perception survey, 2007.

Men grade better the safety of Škoda ($p<0,1$) and reliability ($p<0,05$). According to quality, we cannot confirm that statistically significant differences exist.

We can only partially confirm that hypothesis.

H3: The segment that likes Škoda is smaller than the segment that dislikes Škoda.

As presented on page 59, the segment of Škoda Haters amounts to 36 percent, and the segment of Škoda Fans amounts to 23 percent.

We test the hypothesis with the Chi-Square Test.

Table 5: Expected and Observed Counts

	Observed N	Expected N	Residual
Fans	69	88,5	-19,5
Haters	108	88,5	19,5
Total	177		

n=300

Source: Company positioning and customers' perception survey, 2007.

Table 6: Chi Square Test Statistics

	skupine Segments
Chi-Square(a)	8,593
df	1
Asymp. Sig.	,003

n=300

Source: Company positioning and customers' perception survey, 2007.

Chi Square Statistic is statistically significant with less than one-percent risk, which means, that we can confirm, that the segment of Škoda Haters is bigger than the segment of Škoda Fans.

4.5. MAIN FINDINGS

In that chapter, the most important findings are shortly presented, which were achieved through the help of quantitative research. These findings explain the effectiveness of Škoda's positioning, current customers' perception, and brand image of Škoda Auto in Slovenian market.

Škoda Auto is well positioned in Slovenian market, especially in the field of technical characteristics. As far as quality, Škoda is equal to Renault, worse positioned than Volkswagen or Audi and better positioned than Citröen. Based on reliability, Škoda is, along with Renault, on the third place behind Volkswagen and Audi; Škoda is better than Citröen. As far as safety, Škoda is worse positioned than Audi, Volkswagen, and Renault but better than Citröen. Škoda Auto has a similar position for the wide service network as for safety. In the comparative analysis, Škoda got very good grades according the price-quality relation, since there are no differences among Volkswagen and Renault; Audi has the best price-quality relation and Citröen has the worst price-quality relation.

A Škoda car is perceived as a quality car but it is not very desirable. Based on the analysis of Škoda Auto's brand image, we designed segmentation and found out that there are still more people that dislike Škoda Auto (Haters-36 percent) than people that like Škoda Auto (Fans-23 percent); the biggest share belongs to the people that are indifferent toward Škoda Auto (Neutrals-41 percent). Škoda's brand image is worse perceived with women. According the age, we cannot confirm the differences even though we found out, based on the qualitative research, that Škoda is less popular among young people. Škoda Auto is less desirable among people, with a higher social status. Therefore, a Škoda car is generally perceived as an economical car with a good price-quality relation but missing the touch of style and likeability. Also, it can be seen from qualitative and quantitative analysis that Slovenians still have the old, wrong, perception of Škoda Auto even though it can be seen from their answers that they do realize that Škoda Auto has made some major improvements and can be basically compared to any other car.

4.6. RESEARCH LIMITATIONS

Research limitations can be seen from the following aspects:

- The sample is not random and, therefore, all conclusions regarding the Slovenian consumer population are at risk. Also, the sole way of research, with was done through Internet, did not reach the population that is not using the Internet – mainly the older people. Therefore, the sample consists of mostly younger population (18-40 years).

- It turned out that it would have been reasonable to examine Škoda's brand image more in detail in order to receive a more thorough answers regarding the field, on which Škoda Auto losses the most. We easily founded out that Škoda Auto stands as good regarding quality, reliability, and the price-quality relation. However, I should have put more emphasis on the eventual imperfection regarding design. Also, the research did not examine the advertising effectiveness of Škoda Auto in Slovenia, which strongly influences brand's perception. It would have been reasonable to examine, if and how Slovenian people recognize as well as like Škoda's advertisements. With such an examination, we could propose more specifically, how Škoda Auto can have a further effective positioning and a better brand image.

5. RECOMMENDATIONS

That chapter presents suggestions for a more effective positioning and for improving customers' perception as well as brand image of Škoda Auto in Slovenian market. It can be seen from the analysis that Škoda Auto is positioned somewhere in the middle among its main competitors Volkswagen, Audi, Renault, and Citroen as far as technical characteristics such as safety, reliability, wide service network, etc. However, Škoda Auto could still improve in some of these characteristics. Škoda Auto must improve on these specific dimensions because its competitors are doing better in these dimensions and they are important to customers. Škoda Auto should improve in safety and expand its service network in Slovenian market. Therefore, Škoda Auto should definitely try to reposition itself in order to get a stronger position among competitors in the terms of safety as well as wide service network by improving on these two dimensions and then promoting them. Škoda Auto should continue enhancing its importance of quality and reliability due to its long tradition by promoting its cars as safer and more reliable than competitors'. Also, Škoda Auto should remain strong in the value for money positioning as it ranks high among its competitors, and such characteristic is very well perceived by Slovenian customers. Škoda's positioning is also affected by the country-of-origin effect since many Slovenians still dislike the fact that Škoda cars come from Czech Republic. Therefore, Škoda Auto should strongly position itself as an equal car brand among its main competitors in Slovenian market. Škoda Auto can start promoting only the brand name and completely drop the fact that it originated in the Czech Republic. Or, Škoda Auto can start promoting the fact, that having a car made in Czech Republic is good because product made in the Czech Republic are of good quality.

It can be seen from the quantitative as well as qualitative research that many Slovenians still have the old perception of Škoda Auto. On the other hand, it can also be seen that Slovenians are aware and do realize that Škoda Auto has made some major improvements in the last years and, therefore, it can be compared to any other car. In order to change that stuck in perception, I believe that Škoda Auto should emphasize much more its long history and tradition. Škoda Auto should communicate to Slovenians, that they have been a long time in

the business and they are very experienced. For example, they can take advantage of the fact that Škoda Auto is the third oldest car manufacturer in the world. Furthermore, Škoda Auto should use these facts in their promotional campaigns (TV, ads, radio, etc.) and invite people to come to their car salons and test-drive Škodas.

Based on the findings that Škoda Auto is less desirable among people with a higher social class, I suggest that Škoda Auto promotes its high end cars more aggressively such as high end Octavia and Superb in order to attract that social class as well. Škoda Auto could also place these cars at high end events such as Internautica, Viktorji, Planica, etc. and offer test drives or one-day leases.

From qualitative part of the research, we found out that Škoda is less popular among young people. In order to capture young people, we suggest that Škoda will start a production of a sports car. A concept sport car called Joyster was introduced in March 2007 and we speculate that it can attract the young population. In addition, we extracted findings from quantitative research that Škoda's brand image is worse perceived with women than men. At this time, we do not have sufficient data to exactly show why women perceive Škoda's brand image worse than men. I recommend that Škoda Auto conducts a research specifically concerning women and the perception of brand image of Škoda Auto. Based on the future research findings, Škoda Auto could either add some additional features to the existing models. Or, if research suggests, Škoda could create line extensions designed specifically for women; for example, Fabia W designed for women. In addition, Škoda Auto could advertise its cars in women magazines such as Modna Jana, Ona, Jana, Eva, Nova, and on television during times when women are most likely to watch TV. However, we have to be aware of budget limitations.

6. CONCLUSION

Škoda Auto, the third oldest car manufacturer in the world, is a car company with lots of tradition and changes in the last century. Most positive changes appeared for Škoda Auto after 2000, when Volkswagen took full ownership of Škoda Auto. Today, Škoda Auto is a car company offering high quality and it is regaining its standings in the global car industry, also in Slovenia. However, the old customer's perception of Škoda Auto and its brand image is still present due to Škoda's dark past and its image as a manufacturer of cars with poor quality.

The purpose and objective of master thesis was to analyze the current market positioning of Škoda Auto in Slovenian market, the perception of Škoda Auto and its brand image by Slovenian people is order to recommend some suggestions for improvement of Škoda Auto in Slovenian market. Methods used in the master thesis were based on the systematic analysis of foreign and domestic literature as well as on the empirical research, which was conducted qualitative and quantitative research methods. Qualitative methods were performed by six in-

depth interviews whereas quantitative method was executed through 300 surveys over the Internet.

In order to enable some predictions by reasoning, I used hypotheses, which were in detail presented in the first chapter. These hypotheses might predict the outcome of my research. I included the following three hypotheses:

H1: Škoda Auto is equally positioned among other competitive car brands in Slovenian market.
H2: Men grade technical characteristics of Škoda better than women.
H3: The segment that likes Škoda is smaller than the segment that dislikes Škoda.

Before I started with the empirical part, I began with theoretical part using books, articles, etc. from its best known authors. The theoretical part was basically a conceptual review on positioning, customers, and branding. The theory of positioning was thoroughly presented through target marketing along with segmentation and targeting. The theoretical part of customers was supported by customer attitudes toward brands, buying behavior, satisfaction, perception, etc. Finally the theory of branding was introduced along with brand image, brand extension, and country-of-origin effect.

The master thesis was continued with the empirical part. I used secondary data to analyze the macro-environments analysis of Slovenia (PEST) and to analyze Slovenian car market in general. In addition, an in-depth interview was conducted with Mrs. Snežana Ovijac, Director of Sales for Škoda Auto Verovškova in Slovenia. Mrs. Ovijač told me many interesting facts about the business environment of Škoda Auto in Slovenia. PEST analysis was represented by political, economical, social, and technological aspects current in Slovenia. The Slovenian car market was analyzed for the past two years with the help of the Motorevija magazine. It could be seen from the magazine that Slovenian car market has not changed much; switching between car brands is still pretty modest, car companies continue to strengthen its position in the market, the market is being affected by the import of second hand/ used cars, the trend for SUVs is increasing, etc.

Qualitative research was conducted through qualitative research methods, performed by six in-depth interviews with six different people: three non Škoda car owners, two Škoda car owners, and Mrs. Snežana Ovijač. The purpose of qualitative analysis was to better understand the situation of Škoda Auto in Slovenia in order to analyze as well as propose in detail the most appropriate company positioning, customer perception, and brand image of Škoda Auto in Slovenian market. In-depth interviews proved that non Škoda car owners still have the old, wrong, perception of Škoda Auto even though it can be also seen from their answers that they do realize that Škoda Auto has made some major improvements in the last years. On the other hand, the owners of Škoda car lost that old perception of Škoda Auto and completely opened their mind to see that a Škoda is a good car with high quality. They really like Škoda cars and they realized that they truly offer good value for good money.

Quantitative research was conducted with 300 surveys over the Internet, which I successfully collected in two weeks. I have to say that the result of quantitative research were quite as expected. In Slovenian market, Škoda Auto is pretty well positioned in the field of technical characteristics among its main competitors: Audi, Volkswagen, Renault, and Citröen. We can easily say that, among its competitors, Škoda Auto is positioned somewhere in the middle in the following aspects: quality, safety, reliability, wide service network, etc. Also, in the comparative analysis, Škoda Auto got very good grades according the price-quality relation since there are no differences among Volkswagen and Renault; Audi has the best price-quality relation and Citröen has the worst price-quality relation.

The quantitative research also found out that Škoda Auto is perceived as a quality car but at the same time it is not very desirable. Based on the analysis of Škoda Auto's brand image, I designed segmentation defining three groups of respondents, named Haters, Neutrals, and Fans. In Slovenia, there are more people that dislike Škoda Auto (Haters–36 percent) than people that like Škoda Auto (Fans-23 percent); the biggest share belongs to the people that are indifferent toward Škoda Auto (Neutrals-41percent). Here, it was seen that many people in Slovenia still have the wrong perception of Škodas. It was also proved, as Mrs. Snežana Ovijač stated, that Škoda's brand image is worse perceived with women. In addition, Škoda Auto is less desirable among people, with a higher social status. Therefore, it could be seen from the quantitative research that a Škoda car is generally perceived as an economical car with a good price-quality relation but missing the touch of style and likeability.

After the quantitative analysis, I could test the hypotheses, which are presented with the following outcomes:

H1 was tested based on the statements from the survey, which referred to customer perception of Škoda Auto in Slovenia. Since Škoda Auto does not, among all customer perception statements from the survey, deviate from the competitive car brand in Slovenian market, we confirmed the hypothesis.

H2 was tested the with the Independent-samples T-test. We could confirm that men grade better safety and reliability of Škoda. However, we could not confirm that statistically significant differences exist according quality and, therefore, I could only partially confirm that hypothesis.

H3 was tested with the Chi-Square Test. Chi Square Statistic is statistically significant with significance less than 0.01, which means, that we can confirm, that the segment of Škoda Haters is bigger than the segment of Škoda Fans. That hypothesis was confirmed.

After the empirical part and hypotheses testing, I suggested what kind of recommendations could be applied in order to improve positioning, customer perception, and brand image of Škoda Auto in Slovenian market.

As far as positioning, Škoda Auto must improve in the dimensions such as quality, safety, reliability, etc., because its competitors are doing better in these dimensions and they are important to customers. Therefore, Škoda Auto should definitely try to reposition itself in order to get a stronger position among competitors in these dimensions by improving on these dimensions and then promoting them. Also, Škoda Auto should continue enhancing its importance of quality and reliability due to its long tradition by promoting its cars as safer and more reliable than competitors'. In addition, Škoda Auto should remain strong in the value for money positioning as it ranks high among its competitors, and such characteristic is very well perceived by Slovenian customers. Since Škoda's positioning is affected by the country-of-origin effect (many Slovenians still dislike the fact that Škoda cars come from Czech Republic), Škoda Auto should strongly position itself as an equal car brand among its main competitors in Slovenian market. Škoda Auto can start promoting only the brand name and completely drop the fact that it originated in the Czech Republic. Or, Škoda Auto can start promoting the fact, that having a car made in Czech Republic is good because product made in the Czech Republic are of good quality.

In order to change that stuck in perception, I believe that Škoda Auto should emphasize much more its long history and tradition. Škoda Auto should communicate to Slovenians, that they have been a long time in the business and they are very experienced. For example, they can take advantage of the fact that Škoda Auto is the third oldest car manufacturer in the world. Furthermore, Škoda Auto should use these facts in their promotional campaigns (TV, ads, radio, etc.) and invite people to come to their car salons and test-drive Škodas.

Based on the findings that Škoda Auto is less desirable among people with a higher social class, I suggest that Škoda Auto promotes its high end cars more aggressively such as high end Octavia and Superb in order to attract that social class as well. Škoda Auto could also place these cars at high end events such as Internautica, Viktorji, Planica, etc. and offer test drives or one-day leases.

In order to capture young people, we suggest that Škoda will start a production of a sports car. A concept sport car called Joyster was introduced in March 2007 and we speculate that it can attract the young population. To improve Škoda's brand image with women, I suggest the following: since we do not have sufficient data to exactly show why women perceive Škoda's brand image worse than men, I recommend that Škoda Auto conducts a research specifically concerning women and the perception of brand image of Škoda Auto. Based on the future research findings, Škoda Auto could either add some additional features to the existing models. Or, if research suggests, Škoda could create line extensions designed specifically for women; for example, Fabia W designed for women. In addition, Škoda Auto could advertise its cars in women magazines such as Modna Jana, Ona, Jana, Eva, Nova, and on television during times when women are most likely to watch TV. However, we have to be aware of budget limitations.

I believe I got some very useful information with the whole master thesis, especially with the empirical part. I would also like to mention that the results of the qualitative and quantitative research quite match my predictions of Škoda Auto's current situation in the Slovenian market. I hope that the master thesis will be of some help to Škoda Auto for its future business in Slovenia. Škoda Auto should definitely persuade Slovenians that its cars are high quality cars and they should continue improving its positioning among main competitors in Slovenian market. My personal opinion is that Škoda Auto Slovenia should consider some of recommendations, mentioned above, in order to overall improve its positioning, customer perception, and brand image in Slovenian market. Because, after all, Škoda Auto is a good, traditional company and has changed tremendously in the last years. Therefore, I believe, Škoda Auto should strongly prove itself as a strong player in the Slovenian car market.

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APPENDIX

Appendix 1: Detailed theory discussion

Segmentation

- Geographic segmentation calls for dividing the market into different geographical units such as nations, states, regions, counties, cities or neighborhoods. A company may decide to operate in one or a few geographical areas, or to operate in all areas but pay attention to geographical differences in needs and wants.
- Demographic segmentation consists of dividing the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, and nationality. Demographic factors are the most popular bases for segmenting groups because customer needs, wants and usage rates often vary closely with demographic variables and because demographic variables are easier to measure than most other types of variables.
- Geodemographics is a relatively new and increasingly used segmentation method. It was originally developed by the CACI Market Analysis Group as ACORN (A Classification of Residential Neighborhoods) and it uses forty variables from population census data to group residential areas. Its strength is in micromarketing and direct mail promotions, since geodemographic databases hold the names and addresses of everyone in each of the neighborhood types.
- Psychographic segmentation divides customers into different groups based on social class, lifestyle or personality characteristics. Customers in the same demographic group can have very different psychographic make-ups.
- Behavioral segmentation divides customers into groups based on their knowledge, attitudes, uses, or responses to a product. Many companies believe that behavior variables are the best starting point for building market segments.

The entire process of market segmentation is represented in five steps. First step is to analyze customer-product relationships, which entails the analysis of the affect and cognition, behavior, and environments involved in the purchase process for a particular product. The second step investigates segmentation bases by determining previous purchase trends and by using benefit, psychographic, person/situation, or geodemographic segmentation. The third step develops product positioning, positioning the product relative to competing products in the minds of customers. The fourth step selects segmentation strategy. There are four basic alternatives; a firm may decide not to enter the market, or a firm may decide not to segment but to be a mass marketer, or a firm may decide to market to only one segment, or a firm may decide to market more than one segment and design a separate marketing strategy for each. The final step designs marketing mix strategy, which completes a marketing strategy by finalizing the marketing mix for each segment (Peter, Olson, 2002, pp. 378 – 397).

Market segmentation involves identifying groups of customers that are behaving differently in response to a given market strategy. Their behavior is conceptualized as heterogeneous across segments and homogenous within a segment. Segmentation can structure market scope (in

which product market to invest) by defining the alternative product market as well as the customers in them (Rao, Steckel, 1998, pp. 23).

Market segmentation is critical when constructing marketing strategies because it provides a structure for product-market selection. Markets can be segmented in many different ways since customers are different. The selection of variables used to segment markets tends to fall into one of the two categories; behavioral variables, which reflects differences in customer behavior and descriptor variables, which physically and psychologically describe differences in customers (Rao, Steckel, 1998, pp. 61).

Targeting

- First pattern: a single-segment concentration: through concentrated marketing in a single segment, a company gains a strong knowledge of that segment's needs and achieves a strong market presence. If a company captures segment leadership, the company can earn a high return on investment. On the other hand, concentrated marketing involves risk, because customers can just suddenly stop buying a certain product.

- Second pattern: selective specialization: a company selects many segments, each objectively attractive and appropriate and among these segments there may be little or no synergy, but each promises to be a moneymaker. By having that multisegment strategy the company has the advantage of diversifying its risk.

- Third pattern: product specialization: a company manufactures and sells a certain product to several segments. That company manufactures different types of that certain product for the different customer groups and by that builds a strong reputation in the specific area product. On the other hand, such product may be replaced by an entirely new technology.

- Fourth pattern: market specialization: in that case, a company concentrates on serving many needs of a particular customer group. After some time, that company gains a strong reputation in serving that customer group and, therefore, becomes a channel for additional products the customer group can also use. However, the customer group may suffer budget cuts.

- Fifth pattern: full market coverage: a company attempts to serve all customer groups with all the products they might need. Full market coverage is extremely difficult and, therefore, only large companies can undertake such strategy (Kotler, 2003, pp. 299).

In addition, companies can follow several positioning strategies, which use associations to change customers' perception of products. These associations are product attributes, benefits, usage, users, activities, personalities, origin, other brands, competitors, and product class. Product attributes help to position many technical products; eg. the positioning of Ericsson's

EH237 mobile phone is its low weight and number of features, benefits suggest what product offers and what need it fulfils; eg. Crest toothpaste reduces cavities, usage occasions refer to when the product is used; eg. After Eight mints are positioned as an after-dinner mint to share, users, where products are positioned by associating them with their use class, activities are used to sell expensive products; eg. Omega positions its watches using sports, personalities use association products with famous people; eg. Michael Jordan and Nike, origin means positioning product by association with its place of manufacture; eg. Foster's positioning uses their Australian heritage, other brands can help with companies positioning; eg. Clinique's advertising for their "skin supplies for men" notably features a Rolex watch, competitors may provide against a competitor positioning or away from competitor positioning, and product class positioning, the final means of positioning; eg. Camay hand soap is positioned with bath oils rather with soap (Kotler et al., 1996, pp. 414-420).

It is critical for a brand to be well positioned and uniquely differentiated since there are so many brand choices and differentiation so minimal in terms of product functionality (Hogan, 2006, pp. 1). Today, the world is changing so drastically that companies are constantly challenged to come up with new ways to define and position its brands. Therefore, there should be an increased emphasis on relationship between customers and companies. Nowadays, customers want brands to be accountable for their products and their promises (Hogan, 2006, pp. 7). Brand positioning is in the first place about customers because customers buy products and keep the business going.

Al Ries and Jack Trout (in (Kotler et al., 1996, pp. 410) said that positioning is not about what you do to a product; it is what you do to the mind of the prospect - that is, you position products in the mind of the prospect. I agree with their statement because the creation of a particular place in the prospect's mind for the product or service goes hand in glove with market segmentation and it refers to the activities undertaken by the marketer to communicate the features and the benefits of the product and the image of the brand to the actual and potential customer (Johansson, 2006 pp. 239). It is essential that through the process of product positioning, a company creates the location of the product offered in the mind of its customer and by that receive what happens in the mind of that customer. Furthermore, the position that a product occupies in the mind of a certain customer depends on a mass of variables, many of which are controlled by the company (Keegan, Schlegelmilch, 2001, pp. 228).

According to Kotler (2003, pp. 311-312), companies can position its products in quite a few different positioning strategies. Attribute positioning means that a company positions itself on an attribute, such as size or number of years in existence (Disneyland can advertise itself as the largest theme park in the world). Benefit positioning means that the product is positioned as the leader in a certain benefit. Use or application positioning means positioning a product as best for some use or application. User positioning means positioning a product as best for some user group. Competitor positioning means that a certain product claims to be better in some way than any named competitor. Product category positioning means that a product is

positioned as the leader in a certain product category. Quality or price positioning represents a product that is positioned as offering the best value.

Additionally, two other strategies have been suggested for positioning products. High-tech positioning is effective when dealing with products such as personal computers, video and stereo equipment, and cars. These products are frequently purchased based on the physical features, although image may also be important. Before purchasing, customers typically already possess, or with to acquire, considerable technical information (e.g. Canon camera). The second strategy, high touch\ positioning requires less emphasis on specialized information and more emphasis on image. Customers of high-touch products share a common language and set of symbols relating to themes of wealth, materialism, and romance (e.g. Levi's jeans) (Keegan, Schlegelmilch, 2001, pp. 378-380).

Perceptual maps

There are two methods for producing perceptual maps: attribute-rating method and overall-similarity method; both have the ability to show important relationships among competitive products in two-dimensional space. The rational behind making a choice between these two methods is similar to the expression: "pay now or pay later". When the researcher believes that he/she knows the relevant attributes in customers' decision processes, the **attribute-rating method** is generally preferred as it leads to a more easily interpretable perceptual map. That method requires a more managerial insight as well as more data collection up-front. On the other hand, such method has the benefit of an easily interpretably map as an output. If the researcher is not eager to specify a group of potentially important perceptual attributes, the **overall-similarity method** is used. The method uses a significantly simpler data collection procedure and it requires less initial insight as well as judgment. However, the cost of such simplicity is a map, which management must apply considerable judgment to interpret (Wilcox, 2003, pp. 12).

Customers

In today's markets, customers are increasingly particular due to their well-developed preferences. They are eager to satisfy varied and idiosyncratic tastes. Small differences in products and services make a big difference for such customers (Johansson, 2006, pp. 237). Therefore, all of them want good-quality products at reasonable prices in convenient locations. They want: wide brand and feature assortments; helpful, pleasant and honest salespeople; and strong warranties backed by good follow-up service (Kotler et al., 1996, pp. 20). It is crucial to understand that customer loyalty is "a brand being true to itself", because customers do not abandon brands; brands abandon customers (Hogan, 2006, pp. 9).

When a customer starts with a buying behavior, the marketing and environmental stimuli enter his/her consciousness. Then, customer's characteristics and decision processes lead to a certain purchase decisions. Therefore, it is a company's job to understand what exactly happens in the customer's consciousness between the arrival of that outside stimuli and the purchase decisions (Kotler, 2003, pp. 183).

According to American Marketing Association customer buying behavior is the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. Moreover, customer buying behavior involves the thoughts and feelings customers experience and the actions they perform in the purchase processes. Also, the customer buying behavior includes all the things in the environment that influences these thoughts, feelings as well as actions. These include messages from other customers, advertisements, packaging, price information, product appearance, etc. The process itself is dynamic because the thinking, feelings, and actions of customers are constantly changing (Peter, Olson, 2002, pp. 7).

There are four types of customer buying behavior, based on the degree of customer involvement and the degree of differences among brands. Customers undertake **complex buying behavior** when they are highly involved in a purchase and perceive significant differences among brands or when the product is expensive, risky, purchased infrequently, and extremely self-expressive. It involves a three-step process. First, the customer develops beliefs about the product. Second, the customer develops attitudes about the product. Third, the customer makes a thoughtful choice. **Dissonance-reducing buying behavior** occurs when customers are highly involved with an expensive, infrequent or risky purchase, but see only a slight difference among brands. In the case of a high involvement, which is based on the fact that the purchase is expensive, infrequent, and risky, the customer will shop around to learn what is available. If the customer finds quality differences among brands, he/she might go for the higher price. If the customer finds little difference, he/she might simply buy on price or convenience. **Habitual buying behavior** occurs under conditions of low customer involvement and little significant brand difference. It is normally evident that customers have low involvement with most low-cost, frequently purchased products (eg. salt). Customers undertake **variety-seeking buying behavior** in situations characterized by low customer involvement, but significant perceived brand differences and, therefore, customers switch brands many times. Such brand switching occurs for the sake of offered variety rather than dissatisfaction (Kotler et al., 1996, pp. 289-291).

The amount of perceived risk a customer experiences is influenced by two things: the degree of unpleasantness of the negative consequences and the likelihood that these negative consequences will occur. When customers do not know about the potential for negative consequences, perceived risk would be low. On the other hand, customers may have unrealistic perceptions of product risks because they overestimate the likelihood of negative consequences. During the purchased decision process, customers consider the benefits and risks of each product alternative by integrating information about positive as well as negative consequences. Customers are unlikely to purchase products with high perceived risk and, therefore, companies try to manage customers' perceptions of the negative consequences of product purchase and use (Peter, Olson, 2002, pp. 77).

Customers are guided in their choices by their perceptions of the product alternatives they face. Their perceptions are the result of mental selection, interpretation, and integration of

tremendous amount of product information (feature) and marketing information (advertising) into a coherent picture and, therefore, perceptions are subjectively determined. Two products that are physically different may be perceived as substitutes if their differences are not perceived as important. On the other hand, products that are practically identical may be perceived as different. Therefore, it is essential for a company to understand that what customers perceive is more important than what really is. In order for a company to effectively affect their customers' choice, the company must understand customer perceptions. Perceptions are formally integrated into marketing strategy through positioning (Rao, Steckel, 1998, pp. 36).

Branding and Brand Image

A successful brand is an identifiable product augmented in such a way that the customer perceives relevant, unique, sustainable added values, which match their needs most closely (Chernatony, 2001, pp. 13). Brand name identifies the source of a product and differentiates the product from its competitors (Sullivan, 1998, pp. 3) and it increases demand by projecting an image that is desirable to customers because brands can appeal to a customer's sense of individuality or make them feel as if they belong to a particular social group (Sullivan, 1998, pp. 4).

Appendix 2: Škoda Auto-company presentation

Car models of Škoda Auto

The **Škoda Fabia** is a supermini, which is according to European classification a car larger than a city car but smaller than a family car, that has been produced by Škoda Auto since 2000. Fabia is the first model to use the Volkswagen Group's platform, which it is also shared with the VW Polo and SEAT Ibiza. The reason for Fabia's success is the fact that all of its mechanical parts are developed by or in conjunction with Volkswagen. However, these mechanical parts are offered in a package that is priced to undercut other models in the Volkswagen Group (Wikipedia, 2007).

The **Škoda Octavia** is a compact car, which is a car smaller than a mid-size car but larger than a subcompact car, that has been produced by Škoda Auto since 1996. Octavia's first 1996 generation was built on the same platform as the Volkswagen Group's Audi A3 I, VW Golf IV, VW Bora/Jetta IV, and SEAT León I/Toledo II. The new model of Škoda Octavia was introduced in 2004 and it is based on the platforms used by the following Volkswagen Group cars: Audi A3 II, VW Golf V, SEAT León II, SEAT Altea, VW Golf Plus, VW Touran and VW Passat VI. According to German car TV show "Auto Motor und Sport", Škoda Octavia is better than the Volkswagen Golf V due to more interior space, other specific ergonomics, and a relatively cheaper price (en.wikipedia.org, 2007). Unquestionably, Škoda Octavia has become a synonym for a quality motoring experience and enjoys growing popularity among its customers (Volkswagen Group, 2007). Along with all other Škodas, the Octavia is their best-selling car (www.skoda-auto.com, 2007). Also, Škoda Octavia has been a more reliable car than the Audi A3 and Volkswagen Golf (Wikipedia, 2007).

The **Škoda Roomster,** Škoda brand's fourth model line, is a leisure activity car (a small van with a second or third seat row)**,** which was a revealed as a production model in March 2006 at the Geneva Auto Show and it is built at the Škoda factory in Kvasiny. It exemplifies an entirely new kind of family car that challenges categorization into any of the traditional cars. The Roomster is Škoda's new car concept, tailored primarily to customers who are interested in sport and leisure activities (Volkswagen Group, 2007). The Roomster is Škoda's first car that is not based on an existing Volkswagen platform; it shares components with the previous Škoda Octavia and the current Škoda Fabia (Wikipedia, 2007).

The **Škoda Superb** is an executive car, which is classified as a large family car, produced by Škoda Auto sine 2002. It is based on the platform of the VW Passat and also shares its mechanicals with that model. Superb is currently the largest and most luxurious model in Škoda's models. However, it Superb is Škoda's slowest selling model (Wikipedia, 2007).

Škoda Auto philosophy
- Intelligence: continuously seeking innovative technical solutions and new ways in order to care for and approach customers by respecting their desires as well as needs.
- Attractiveness: developing cars that are aesthetically as well as technically of high standard and constituting attractive offers to customers.
- Dedication: enthusiastically working on the further development of cars and identifying themselves with their products (Škoda Auto, 2007).

Škoda's future objectives (Volkswagen Group, 2007):
Customers: Škoda Auto develops cars with customers constantly on its mind. Therefore, the main objective of Škoda Auto is to thrill customers so that they keep coming back to the Škoda brand with trust and favor. The company develops and offers cars that are good to the environment along with original parts, accessories, and services that satisfy customers.

Markets: In the nearest future, Škoda Auto's objective is to strengthen its positioning situation in Western European markets as well as maintain its dominant position in Central and Eastern Europe. Also, Škoda Auto will continuously engage to intensify its activities in promising Asian markets.

Finance: Škoda Auto will continue with financial activities designed to further improve the efficiency and quality of the company processes with emphasis on overall rationalization of all operations. Costs, especially raw materials costs, will be given particularly close examination.

Products: Škoda Auto will go on with its development of product portfolio along with its emotional charge and continuous improvement of environmentally friendly face of Škoda cars. In 2007, the company will try to establish a found market position for its new Roomster model. Later on, Škoda Auto will anticipate further differentiation of the product range to accommodate the needs of the new markets.

<u>Quality</u>: The aspect of quality will maintain Škoda Auto top priority. According to independent studies, Škoda Auto has very good placements in the areas of functional quality, frequency of customer complaints, and overall customer satisfaction. Therefore, in the future, company's initiatives will primarily focus on these placements on mid- and long-term satisfaction with quality.

<u>Sales, marketing, and brand image</u>: With its new offered products and successful penetration of new markets, Škoda brand intends to keep building on its success and at the same time grow even further. In spite of growing competition and general development in individual markets, Škoda Auto plans to continuously reach the record number of cars supplied to customers in the future, surpassing the 500,000 cars mark line. The company is planning to increase its cars sold in Western and Eastern Europe as well as in the Overseas/Asian markets. Škoda Auto's clever design, interior space, great functionality, and comfort is contributing to the development and emotionalisation of its brand by clearing the path to new segments and, therefore, new customers. Also, by continuing sponsoring all kinds of events, Škoda Auto enhances company's brand awareness of its products.

<u>Human Resources</u>: Škoda Auto has always been aware of the important value of its employees and their significance for the company. As a result, company's future emphasis will be placed primarily on their ongoing employee development that can already be proven by the cornerstone of a new university campus Na Karmeli, company's participation in a number of education projects, and cooperation with other universities as well as institutes of higher education.

<u>Organization and Information Systems</u>: For a while, business process thinking has been apparent in the management of Škoda Auto. However, the company is well aware that a strict focus on value-creating processes and optimizing them necessarily brings with it changes in the whole organization structure. Therefore, Škoda Autos' objective is to be on par with the best players in the global car industry and, therefore, the highest priority is pragmatic, cost optimized use of information and communication technologies by concentrating its know-how in web technologies for customer orders and services processes, rolling out standard integrated corporate financial software as well as standard Volkswagen Group systems for production and logistics.

<u>Environment</u>: Škoda Auto is constantly making an effort to take the most responsible approach possible to protect the environment. The company has a long-term program to minimize the environmental impact of its activities. That can be confirmed by the ISO 14001 Environmental Management System certificate, by direct investments in environmental projects (reached a level of CZK 350 million in 2005), and by participation in a number of activities with environmental significance such as commenting on legislative amendments prepared in conjunction with the Czech Republic's accession to the European Union.

<u>Social Responsibility</u>: Škoda Auto is aware of its responsibility towards customers, employees, shareholders, business partners, government institutions, the public, and the environment from all aspects of its business activities and decisions. Such corporate objectives and various group interests, which are crucial for achieving sustainable development, must be actively influenced to keep in balance, to ensure that future generations have at least the same, or better, prospects for development.

Škoda Auto International presence (Volkswagen, 2007)
Czech Republic, Škoda brand's second largest market in terms of volume (after Germany), 65,166 cars were registered during year 2005, which is a 0.8 percent increase compared to 2004. As result, Škoda brand again increased its market share to 51 percent.

In **Central Europe** Škoda Auto became the bestselling brand in Poland (12 percent market share) in spite of a more than 25 percent decline in the overall market, partially due to rising used car imports, especially from Western Europe. In addition, Škoda brand grew considerably is Hungary (9 percent market share).

Škoda Auto also achieved high rates of growth in the **Eastern Europe**, where 46,692 cars were supplied to customers in Latvia and Lithuania in 2006. Both countries represent above average growth and a potential for future growth. In Romania the importance for Škoda brand is growing extremely fast; 14,625 cars were supplied to Romanian customers, which resulted in a 91 percent growth since 2004. In order to make further development in these markets, Škoda Auto will need to select the right retail partner as well as develop sales network.

In **Western Europe**, Škoda Auto has had a positive sales trend since 2005. Škoda Auto sold the most cars in Germany (90,193 cars and 2.7 percent market share), which confirms that Germany is Škoda brand's current number one market. Sales increase could also be seen in Denmark, United Kingdom, Ireland, Spain, and Austria. Some slight improvements, compared to previous years, could also be spotted in France, Sweden, Norway, Greece, and other countries. Considering the weakness of that market, Škoda Auto performed very well and, therefore, it attained record sales performance in 27 countries.

Škoda Auto supplied 30,182 cars to the **Overseas/Asia** region in 2005, which is 9.3 percent more than in previous year. The leading countries in that region are India (8,951 cars sold), Egypt (2,328 cars sold), Syria (831 cars sold), and Columbia (680 cars sold).

In 2005, 236,698 **Škoda Fabia** cars were delivered to customers all around the world. However, compared to 2004, there was a slight decline for Škoda Fabia due to the overall weakness of Central European markets, which are traditionally the key for sales of the Fabia model line. On the other hand, Škoda Fabia once again grew compared to 2004 in Western Europe. As in the past, **Škoda Octavia** model line sustained the positive trend by supplying 233,322 cars globally, which is 28.4 percent more than in 2004. Of that total amount, 163,521 cars were the new Octavias while Octavia Tour continued to be very popular among customers (69,801 cars sold). The upper middle segment, which is represented by **Škoda**

Superb customers purchased 22,091 cars, which represents a result that is roughly in line with 2004's performance.

Škoda is present in the following continents and countries (Škoda Auto, 2006):
- Africa (Algeria, Egypt, Ghana, Ivory Coast, Kenya, Libya, Morocco, Nigeria, Reunion (French), Sudan)
- Asia (Armenia, Azerbaidzhan, India, Israel, Jordan, Qatar, Kazakhstan, Kingdom of Bahrain, Lebanon, Malaysia, Palestine, Saudi Arabia, Singapore, Sri Lanka, Thailand, Turkey, Turkmenistan, United Arab Emirates, Yemen Arab Republic)
- Australia and Oceania (New Zealand)
- Europe (Austria, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, Canary Island, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Moldavia, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, Serbia and Montenegro, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom)
- South and Central America (Barbados, Colombia, Costa Rica, Dominican Republic, Ecuador, Guadeloupe (France), Guatemala, Chile, Martinique (France), Panama, Paraguay, Venezuela

Appendix 3: Pest Analysis of Slovenia and its car industry

Slovenia is a Parliamentary democracy and constitutional republic. Within its government, power is shared among a directly elected President, a Prime Minister, and a Parliament. Parliament is composed of the National Assembly, which takes the lead on virtually all legislative issues, and the National Council. The National Assembly has ninety seats, which are partially filled with directly elected representatives, and partially with proportionally elected representatives (two seats reserved for autochthonous Hungarian and Italian minorities). The National Council has forty seats, and is made up of representatives of social, economic, professional and local interest groups. Parliamentary elections are held every four years (Slovenia Country Commercial Guide, 2005).

Since its independency in 1991, Slovenia has proved to be a politically stable country, which is important for numerous companies' business. One of the main outer political goals of Slovenia is stabilization as well as continuous political and economical development of Southeastern Europe. Therefore, Slovenia actively participates in development of the above mentioned region through investing in different projects (Slovenia Country Fact Sheet, 2007).

In the first quarter of 2006, the contribution of domestic expenditure to the GDP growth was higher than in the previous quarters. The main reason is higher gross capital formation growth while the final consumption expenditure contribution remains the same as in 2006. On the other hand, external trade balance is less important for GDP growth than it was in 2005. In

total, domestic expenditure contributed four percentage points and external trade balance one percentage point to the GDP growth in the first quarter of 2006 (Invest Slovenia, 2007).

Inflation represents an important factor in Slovenia and it has been constantly improving. The average inflation rate in 2002 was 7.5 percent, which decreased in 2003 to 5.6 percent. By the 2004, the inflation rate was 3.6 percent. The decreasing continued and in 2005, the inflation rate was 2.5 percent (Institute of Macroeconomic Analysis and Development, 2007). It can be said that the country's relatively high rate of inflation in the past declined to 2.3 percent by 2006 and is now comparable to the average in the European Union (Wikipedia, 2007).

Slovenian unemployment rate has been steadily declining over the past few years. It is important to mention that in 2004, the Slovenian employment rate drastically increased and it reached a 1.3 percent growth rate. Moreover, in the Slovenian car industry, the employment rate grew for 4 percent (Institute of Macroeconomic Analysis and Development, 2007). On average, the registered unemployment was 91,889 in Slovenia in 2005, which for the third year in a row is the lowest average unemployment level since 1991 and for 1.0 percent lower than in 2004. At the end of the year 2005, 92,575 unemployed people were registered with the Employment Service of Slovenia (Employment Service of Slovenia, 2007). In 2006, the unemployment rate was 9.6 percent. It can be seen that labor market trends improved in 2006, with modest decrease of employment in companies and evident easing of the negative trend in the small business sectors (Invest Slovenia, 2007).

For the sake of comparability of unemployment with other countries, it is worth mentioning that the survey rate of unemployment (calculated using the ILO methodology) in the second quarter of 2005 amounted to 5.8 percent. In the European Union the rate was 8.8 percent, which means that the survey unemployment rate was lower than the average in the EU 25. Countries with higher unemployment rates than Slovenia included Poland (17.9 percent), Slovakia (16.5 percent), France (9.6 percent), Germany (9.5 percent), Czech Republic (8.0 percent) and Italy (7.6 percent) (Employment Service of Slovenia, 2007).

In Slovenia, the life expectancy at birth of the total population is 76.33 years with male life expectancy at birth of 72.63 years and female life expectancy at birth of 80.29 years. As most of the developed world countries, Slovenia is also experiencing a negative population growth rate of -0.05 percent and as a result only 1.25 children is born per woman. The median age for the entire population is 40.6 years; 39 years for male and 42.4 years for female. The literacy rate of Slovenia's total population is 99.7 percent for both males and females. Today, there are 1.09 million Internet users in Slovenia (CIA, 2007).

The labor force of Slovenia in 2006 was represented by 914,000 people. In 2004, the labor force occupation was as follows: 4.8 percent was in agriculture sector, 39.1 percent was in industry sector, and 56.1 percent was in services. The unemployment rate in Slovenia in 2006 was 9.6 percent and 10 percent of the population was living below the poverty line (CIA, 2007). Average monthly gross earnings in 2006 amounted to EUR 1.212,80 (SIT 290,635)

and were 4.8 percent higher compared to 2005. In December 2006, the average monthly gross earnings amounted to EUR 1.261,09 (SIT 302.207), which was 9.5 percent less than in November 2006 (Statistical Office of the Republic Slovenia, 2007). The average household expenditure in 2005 was as follows: food 13.7 percent, transport 16.2 percent, housing 10.3 percent, recreations and culture 9.7 percent.

The number of technologically demanding companies with the highest high-tech is not very big in Slovenia. One reason for that is the small size of Slovenia, which should not be such a great obstacle, if we look at the case of Finland or Ireland. The exception in that field in Slovenia is the manufacture of engines and the pharmaceutical industry. However, Slovenian companies are trying to improve their production and services through new technological innovations but usually only 30 percent of such improvement turns out to be successful. The problem of Slovenian technology lies in a relatively small effectiveness and usefulness. The main Slovenian researching institutes, such as Institute Jožef Štefan, are mostly working on fundamental research and less on useful/practical research. Both kinds of research, fundamental and practical, are important for Slovenia as a small country. Furthermore, it is crucial for Slovenia to be constantly involved in international cooperation in order to share and exchange knowledge (Jaklič, 1999, pp. 123-124).

There are numerous institutions that are supporting the knowledgeable and technological progress in Slovenia: JAPTI (Public Agency for Entrepreneurship and Foreign Investment Slovenia), TIA (Slovenian Technology Agency), Chamber of Commerce and Industry of Slovenia, The Slovenian Science Foundation, Innovation Relay Centre of Slovenia, etc. Even though the number of such institution is large for a small country, their financial and employment situation is too weak as well as unconnected to essentially help the Slovenian technological development (Innovation Relay Centre of Slovenia, 2007).

At the moment, the cooperation between Slovenian faculties and economy is weak. Also, there is not enough cooperation between faculties, especially in the multidisciplinary fields. In general, in Slovenia, there are too little result transfers of fundamental and practical research into economic practice, which would result in a higher competition of companies and country (Urbas, 2005, pp. 13). Based on the research of the IMD Institute, which includes 60 countries and declares how much knowledge as well as technology transfer from universities to economy is made, Slovenia took the last place (Usenik, 2005).

Slovenian car market
The demand for diesel engines is declining
The diesel euphoria is slowly calming down in Slovenia. In 2006, 24,138 diesel engine cars were sold and in 2005, 26,616 such cars were sold. Last year the market share of diesel engine cars was 40.63 percent. In 2006, Renault sold the most cars with diesel engine (5,452 cars) and there was quite some demand for diesel engine cars from Volkswagen (4,453 cars sold), Citroën (1,950 cars sold), Peugeot (1,396 cars sold), Toyota (1,366 cars sold), Opel (1,300 cars sold), Audi (1,248 cars sold), and Škoda Auto (1,037 cars sold). The best selling model

of diesel engine cars in 2006 remains Volkswagen Golf, which was bought by 2,071 buyers, followed by Renault Scenic (1,756 cars sold), Renault Clio (1,533 cars sold), Volkswagen Passat (1,334 cars sold), and Renault Megan (1,121 cars sold) (Kmetič, 2007, pp. 20).

Appendix 4: Survey handed out to 300 people over the Internet

Dear respondent,

I am a student of International Full Time Master Program in Business Administration (IMB) at Faculty of Economics in Ljubljana. At the moment, I am writing my Master Thesis about company positioning and customer perception of cars in Slovenian market. For the quantitative research purposes, I prepared a survey, which is in your attachment. In order to have a successful research and Master Thesis, I would be very grateful for your help. Therefore, I am kindly asking you to fill out the survey and send it back to me.

Thank you very much for your cooperation.

With best regards,

Ana Lukner
ana.lukner@sandoz.com

SUERVEY QUESTIONS

1. *What does a car mean to you most? (Mark one answer).*
    a. Necessity
    b. Transportation
    c. Status symbol
    d. Fast motion
    e. Other (please, specify:_____)

2. *Which car brand do you prefer the most? (Mark the first three most preferred brands, where1 means most important, 2 means second most important, and 3 third most important).*
    a. Audi
    b. Citroen
    c. Mercedes Benz
    d. Porsche
    e. Renault
    f. Volkswagen
    g. Volvo

3. *What are the three most important features when considering a car? (Mark the first three most important features, where 1 means most important, 2 means second most important, and 3 means third most important).*

a. Safety
b. Equipment
c. Comfort
d. Quality
e. Reliability
f. Price

g. Space
h. Looks
i. Economical consumption
j. Interior design
k. Service network

4. *Would you buy the following car brand? (Please answer using a 7-point scale where 1 means least likely and 7 means most likely).*

	1 Least likely	2 Not likely	3 Somewhat unlikely	4 Undecided	5 Somewhat likely	6 Likely	7 Most likely
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

5. *Do the following car bands offer value for money? (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

6. *Do the following car bands offer quality? (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

7. *Do you perceive the following car bands reliable? (Please answer using a 7-point scale where means strongly disagree and 7 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

8. *Do you think that the following car bands offer safety? (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

9. *Do the following car bands offer wide service network? (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
Volkswagen							
Audi							
Škoda							
Renault							
Citroen							

10. *What does the brand name Škoda mean to you?*

11. *To what degree do you agree with the following statements? (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	Statements	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
a	Škoda is of high quality.							
b	I view the Škoda brand name positively.							
c	Even if another brand has the same features as Škoda, I would prefer to buy Škoda.							
d	Škoda appears to be of very poor quality.							
e	Škoda is a desirable brand.							

12. *The listed car brand would be your first choice. (Please answer using a 5-point scale where 1 means strongly disagree and 5 means strongly agree).*

	1 Strongly disagree	2 Disagree	3 Neither agree or disagree	4 Agree	5 Strongly agree
Volkswagen					
Audi					
Škoda					
Renault					
Citroen					

13. *Please express how much you agree with the following statements: (Please answer using a 7-point scale where 1 means strongly disagree and 7 means strongly agree).*

	Statements	1 Strongly disagree	2 Disagree	3 Somewhat disagree	4 Undecided	5 Somewhat agree	6 Agree	7 Strongly agree
a	There are only minor variations among brands of cars in terms of quality							
b	Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.							
c	Products made in the Czech Republic are usually a good value for the money							

14. *What kind of car model do you think the Škoda Auto should introduce in its line? (Please mark).*
   a. Jeep type (SUV)
   b. Sports car
   c. Minivan
   d. Pick up truck/business vans (commercial vehicle)
   e. Other (please, specify:_____)

We are approaching the end of the questionnaire. Please provide us some information which will help me analyze the data in this questionnaire:

15. *Please, mark your age:*
1. 18-30
2. 31-40
3. 41-50
4. 51-60
5. 61 and over

16. *Gender?*   Female / Male

17. *According to the official statistics, the average gross salary is 1,261.09 EUR. Can you state whether your personal income is:*
   a.   Above the average
   b.   Average
   c.   Below the average

18. *How many people (including you) live in your household?*

19. *How many cars do you currently own in your household?*

20. *Are you considering buying a new car within the next six months?*

Appendix 5: Sociodemography

Table 7: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
	18 to 30 years	114	38,0	38,0	38,0
	31 to 40 years	119	39,5	39,5	77,5
	41 to 50 years	53	17,5	17,5	95,0
	51 years or more	15	5,0	5,0	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Table 8: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
	Female	152	50,7	50,7	50,7
	Male	148	49,3	49,3	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Table 9: According to the official statistics, the average gross salary is 1,261.09 EUR.

		Frequency	Percent	Valid Percent	Cumulative Percent
	Above the average	113	37,7	37,7	37,7
	Average	90	30,0	30,0	67,7
	Below the average	97	32,3	32,3	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Table 10: How many people (including you) live in your household?

		Frequency	Percent	Valid Percent	Cumulative Percent
	1	39	13,0	13,0	13,0
	2	73	24,3	24,3	37,3
	3	77	25,7	25,7	63,0
	4	91	30,3	30,3	93,3
	5	12	4,0	4,0	97,3
	6	6	2,0	2,0	99,3
	7	1	,3	,3	99,7
	8	1	,3	,3	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customes' perception survey, 2007.

Table 11: How many cars do you currently own in your household?

		Frequency	Percent	Valid Percent	Cumulative Percent
	1	88	29,3	29,3	29,3
	2	133	44,3	44,3	73,7
	3	55	18,3	18,3	92,0
	4	20	6,7	6,7	98,7
	5	2	,7	,7	99,3
	6	2	,7	,7	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Table 12: Are you considering buying a new car within the next six months?

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	94	31,3	31,3	31,3
	No	206	68,7	68,7	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Appendix 6: Statistical results

Table 13: What does a car mean to you most?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Necessity	86	28,7	29,5	29,5
	Transportation	185	61,7	63,4	92,8
	Fast motion	21	7,0	7,2	100,0
	Total	292	97,3	100,0	
Missing (not relevant)	Shows what I mean in front of my friends and relatives	7	2,3		
	Other	1	,3		
	Total	8	2,7		
Total		300	100,0		

Source: Company positioning and customers' perception survey, 2007.

Table 14: Which car brand do you prefer the most? - first range

		Cases	Col Response %
	Audi	74	24,9%
	Citröen	9	3,0%
	Mercedes Benz	53	17,8%
	Porsche	62	20,9%
	Renault	24	8,1%
	Volkswagen	39	13,1%
	Volvo	38	12,8%
Total		297	100,7%

Source: Company positioning and customers' perception survey, 2007.

Table 15: Which car brand do you prefer the most?

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	,00	3,00	1,4267	1,17012
Mercedes Benz	300	,00	3,00	1,1567	1,15610
Volkswagen	300	,00	3,00	,9700	1,08614
Porsche	300	,00	3,00	,8833	1,22258
Volvo	300	,00	3,00	,8300	1,10385
Renault	300	,00	3,00	,4933	,93785
Citröen	300	,00	3,00	,2333	,66359
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 16: Which car brand do you prefer the most? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Audi - Mercedes Benz	,170	1,652	,095	-,018	,358	1,782	299	,076
Pair 2	Mercedes Benz - Volkswagen	,013	1,951	,113	-,208	,235	,118	299	,906
Pair 3	Porsche - Volkswagen	-,433	1,838	,106	-,642	-,225	-4,084	299	,000
Pair 4	Porsche - Volvo	-,147	1,641	,095	-,333	,040	-1,548	299	,123
Pair 5	Renault - Volvo	-,303	1,645	,095	-,490	-,116	-3,193	299	,002
Pair 6	Citröen - Renault	-,247	1,321	,076	-,397	-,097	-3,234	299	,001

Source: Company positioning and customers' perception survey, 2007.

Table 17: What are the three most important features when considering a car? - first most important

		Cases	Col Response %
$v3	Equipment	5	3,1%
	Comfort	16	9,9%
	Quality	44	27,2%
	Reliability	24	14,8%
	Price	32	19,8%
	Space	12	7,4%
	Looks	15	9,3%
	Economical consumption	8	4,9%
	Interior design	2	1,2%
	Service network	4	2,5%
Total		162	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 18: What are the three most important features when considering a car? – mean range

	N	Minimum	Maximum	Mean	Std. Deviation
Safety	300	,00	3,00	1,7500	1,31654
Quality	300	,00	3,00	1,0067	1,14790
Price	300	,00	3,00	,7433	1,03652
Reliability	300	,00	3,00	,6333	1,00777
Looks	300	,00	3,00	,4600	,87040
Comfort	300	,00	3,00	,4367	,86128
Economical consumption	300	,00	3,00	,3700	,70338
Space	300	,00	3,00	,2567	,72055
Equipment	300	,00	3,00	,2133	,63443
Service network	300	,00	3,00	,0833	,41266
Interior design	300	,00	3,00	,0367	,28682
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 19: What are the three most important features when considering a car? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Safety - Quality	,74333	1,80044	,10395	,53877	,94790	7,151	299	,000
Pair 2	Quality - Price	,26333	1,69417	,09781	,07084	,45582	2,692	299	,007
Pair 3	Reliability - Price	-,11000	1,52281	,08792	-,28302	,06302	-1,251	299	,212
Pair 4	Comfort - Reliability	-,19667	1,43929	,08310	-,36020	-,03314	-2,367	299	,019
Pair 5	Comfort - Looks	-,02333	1,24685	,07199	-,16500	,11833	-,324	299	,746
Pair 6	Space - Looks	-,20333	1,18038	,06815	-,33745	-,06922	-2,984	299	,003
Pair 7	Space - Economical consumption	-,11333	,99857	,05765	-,22679	,00012	-1,966	299	,050
Pair 8	Equipment - Economical consumption	-,15667	,95665	,05523	-,26536	-,04797	-2,837	299	,005
Pair 9	Equipment - Service network	,13000	,78004	,04504	,04137	,21863	2,887	299	,004
Pair 10	Interior design - Service network	-,04667	,50861	,02936	-,10445	,01112	-1,589	299	,113

Source: Company positioning and customers' perception survey, 2007.

Table 20: Would you buy the following car brand?

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	1	7	5,14	1,921
Volkswagen	300	1	7	5,02	1,877
Renault	300	1	7	4,31	1,794
Citröen	300	1	7	3,65	1,686
Škoda	300	1	7	3,30	1,742
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 21: Would you buy the following car brand? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Volkswagen - Audi	-,123	2,019	,117	-,353	,106	-1,058	299	,291
Pair 2	Volkswagen - Renault	,710	2,711	,157	,402	1,018	4,536	299	,000
Pair 3	Renault - Citröen	,660	2,068	,119	,425	,895	5,527	299	,000
Pair 4	Škoda - Citröen	-,347	2,216	,128	-,598	-,095	-2,710	299	,007

Source: Company positioning and customers' perception survey, 2007.

Table 22: Do the following car brands offer value for money?

	N	Minimum	Maximum	Mean	Std. Deviation
Volkswagen	300	1	7	5,04	1,457
Audi	300	1	7	5,03	1,562
Škoda	300	1	7	4,83	1,334
Renault	300	1	7	4,81	1,361
Citröen	300	1	7	4,40	1,324
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 23: Do the following car brands offer value for money? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Volkswagen - Audi	,010	1,370	,079	-,146	,166	,126	299	,899
Pair 2	Audi - Škoda	,203	2,034	,117	-,028	,434	1,732	299	,084
Pair 3	Škoda - Renault	,020	1,421	,082	-,141	,181	,244	299	,808
Pair 4	Renault - Citröen	,410	1,441	,083	,246	,574	4,929	299	,000
Pair 5	Škoda - Volkswagen	-,213	1,872	,108	-,426	-,001	-1,973	299	,049
Pair 6	Škoda - Citröen	,430	1,363	,079	,275	,585	5,464	299	,000

Source: Company positioning and customers' perception survey, 2007.

Table 24: Do the following car brands offer quality?

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	1	7	5,88	1,134
Volkswagen	300	1	7	5,68	1,121
Škoda	300	2	7	4,77	1,188
Renault	300	1	7	4,73	1,282
Citröen	300	1	7	4,43	1,223
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 25: Do the following car brands offer quality? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Volkswagen - Audi	-,200	1,044	,060	-,319	-,081	-3,318	299	,001
Pair 2	Volkswagen - Škoda	,910	1,415	,082	,749	1,071	11,140	299	,000
Pair 3	Škoda - Renault	,037	1,471	,085	-,130	,204	,432	299	,666
Pair 4	Renault - Citröen	,300	1,297	,075	,153	,447	4,006	299	,000

Source: Company positioning and customers' perception survey, 2007.

Table 26: Do you perceive the following car brands reliable?

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	1	7	5,96	1,122
Volkswagen	300	1	7	5,78	1,212
Škoda	300	1	7	4,93	1,204
Renault	300	1	7	4,77	1,380
Citröen	300	1	7	4,47	1,233
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 27: Do you perceive the following car brands reliable? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Audi - Volkswagen	,177	,925	,053	,072	,282	3,309	299	,001
Pair 2	Volkswagen - Škoda	,850	1,548	,089	,674	1,026	9,512	299	,000
Pair 3	Škoda - Renault	,160	1,615	,093	-,024	,344	1,715	299	,087
Pair 4	Renault - Citröen	,260	1,395	,081	,102	,418	3,229	299	,001

Source: Company positioning and customers' perception survey, 2007.

Table 28: Do you think that the following car brands offer safety?

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	3	7	6,09	,849
Volkswagen	300	3	7	5,83	,887
Renault	300	1	7	5,39	1,217
Škoda	300	1	7	4,97	1,150
Citröen	300	1	7	4,85	1,158
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 29: Do you think that the following car brands offer safety? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Volkswagen - Audi	-,267	,715	,041	-,348	-,185	-6,464	299	,000
Pair 2	Audi - Renault	,707	1,349	,078	,553	,860	9,073	299	,000
Pair 3	Škoda - Renault	-,420	1,274	,074	-,565	-,275	-5,711	299	,000
Pair 4	Škoda - Citröen	,120	1,193	,069	-,016	,256	1,742	299	,083

Source: Company positioning and customers' perception survey, 2007.

Table 30: Do the following car bands offer wide service network?

	N	Minimum	Maximum	Mean	Std. Deviation
Renault	300	2	7	6,15	1,023
Volkswagen	300	2	7	6,01	1,041
Audi	300	3	7	5,79	1,140
Škoda	300	2	7	5,43	1,196
Citröen	300	1	7	5,25	1,363
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 31: Do the following car bands offer wide service network? - Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Volkswagen - Renault	-,140	1,028	,059	-,257	-,023	-2,358	299	,019
Pair 2	Volkswagen - Audi	,227	,807	,047	,135	,318	4,867	299	,000
Pair 3	Audi - Škoda	,353	1,058	,061	,233	,474	5,786	299	,000
Pair 4	Škoda - Citröen	,187	1,308	,076	,038	,335	2,472	299	,014

Source: Company positioning and customers' perception survey, 2007.

Table 32: To what degree do you agree with the following statements:

	N	Minimum	Maximum	Mean	Std. Deviation
The price of a vehicle I intend to purchase is very important	300	1	7	5,79	1,136
Škoda is of high quality.	300	1	7	4,61	1,297
I view the Škoda brand name positively.	300	1	7	4,28	1,589
Škoda is a desirable brand.	300	1	7	3,71	1,438
Škoda appears to be of very poor quality.	300	1	7	2,71	1,471
Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	300	1	7	2,68	1,631
When I drive Škoda, it reflects the kind of person I am	300	1	7	2,58	1,566
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 33: To what degree do you agree with the following statements: - Paired Samples Test

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
					Lower	Upper			
Pair 1	The price of a vehicle I intend to purchase is very important - Škoda is of high quality.	1,177	1,566	,090	,999	1,355	13,011	299	,000
Pair 2	Škoda is of high quality. - I view the Škoda brand name positively.	,330	1,309	,076	,181	,479	4,367	299	,000
Pair 3	I view the Škoda brand name positively. - Škoda is a desirable brand.	,577	1,325	,077	,426	,727	7,536	299	,000
Pair 4	Even if another brand has the same features as Škoda, I would prefer to buy Škoda. - Škoda is a desirable brand.	-1,027	1,594	,092	-1,208	-,846	-11,155	299	,000
Pair 5	When I drive Škoda, it reflects the kind of person I am - Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	-,100	1,568	,091	-,278	,078	-1,105	299	,270

Source: Company positioning and customers' perception survey, 2007.

Table 34: The listed car brand would be your first choice:

	N	Minimum	Maximum	Mean	Std. Deviation
Audi	300	1	5	3,89	1,304
Volkswagen	300	1	5	3,67	1,182
Renault	300	1	5	3,10	1,235
Citröen	300	1	5	2,63	1,157
Škoda	300	1	5	2,54	1,131
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 35: The listed car brand would be your first choice: - Paired Samples Test

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
					Lower	Upper			
Pair 1	Volkswagen - Audi	-,213	1,265	,073	-,357	-,070	-2,921	299	,004
Pair 2	Volkswagen - Renault	,570	1,752	,101	,371	,769	5,636	299	,000
Pair 3	Renault - Citröen	,477	1,448	,084	,312	,641	5,702	299	,000
Pair 4	Škoda - Citröen	-,083	1,432	,083	-,246	,079	-1,008	299	,314

Source: Company positioning and customers' perception survey, 2007.

Table 36: Please express how much you agree with the following statements:

	N	Minimum	Maximum	Mean	Std. Deviation
Products made in the Czech Republic are usually a good value for the money	300	1	7	4,52	1,299
There are only minor variations among brands of cars in terms of quality	300	1	7	3,40	1,792
Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	300	1	7	3,09	1,381
Valid N (listwise)	300				

Source: Company positioning and customers' perception survey, 2007.

Table 37: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	There are only minor variations among brands of cars in terms of quality - Products made in the Czech Republic are usually a good value for the money	-1,117	1,996	,115	-1,343	-,890	-9,691	299	,000
Pair 2	There are only minor variations among brands of cars in terms of quality - Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	,310	2,352	,136	,043	,577	2,283	299	,023

Source: Company positioning and customers' perception survey, 2007.

Table 38: What kind of car model do you think the Škoda Auto should introduce in its line?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Jeep type (SUV)	160	53,3	53,3	53,3
	Sports car	63	21,0	21,0	74,3
	Minivan	50	16,7	16,7	91,0
	Pick up truck/business vans (commercial vehicle)	23	7,7	7,7	98,7
	Other	4	1,3	1,3	100,0
	Total	300	100,0	100,0	

Source: Company positioning and customers' perception survey, 2007.

Figure 18: Dendrogram
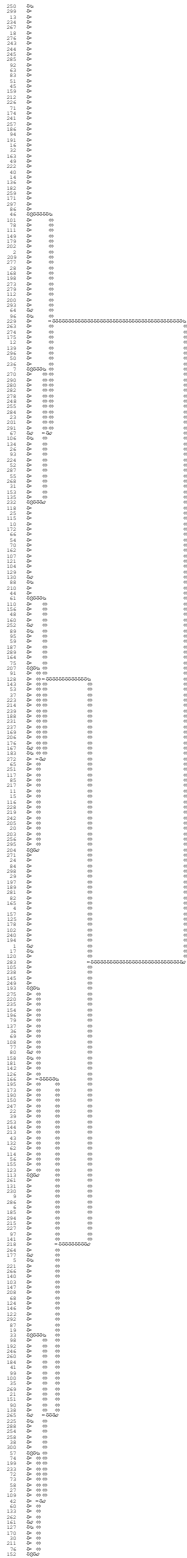
Table 39: To what degree do you agree with the following statements: - Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Škoda is of high quality.	Fans	69	5.83	.857	.103	5.62	6.03	4	7
	Haters	108	3.65	1.096	.106	3.44	3.86	1	6
	Neutrals	123	4.78	.988	.089	4.60	4.96	2	7
	Total	300	4.61	1.297	.075	4.47	4.76	1	7
I view the Škoda brand name positively.	Fans	69	6.03	.618	.074	5.88	6.18	4	7
	Haters	108	2.93	1.141	.110	2.71	3.14	1	6
	Neutrals	123	4.50	1.197	.108	4.28	4.71	1	7
	Total	300	4.28	1.589	.092	4.10	4.46	1	7
Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	Fans	69	4.59	1.264	.152	4.29	4.90	2	7
	Haters	108	1.48	.619	.060	1.36	1.60	1	3
	Neutrals	123	2.66	1.396	.126	2.41	2.91	1	6
	Total	300	2.68	1.631	.094	2.49	2.87	1	7
Škoda appears to be of very poor quality.	Fans	69	2.07	1.448	.174	1.72	2.42	1	7
	Haters	108	3.87	1.312	.126	3.62	4.12	1	7
	Neutrals	123	2.06	.881	.079	1.90	2.21	1	5
	Total	300	2.71	1.471	.085	2.55	2.88	1	7
Škoda is a desirable brand.	Fans	69	5.29	1.001	.121	5.05	5.53	3	7
	Haters	108	2.64	1.080	.104	2.43	2.84	1	5
	Neutrals	123	3.76	1.027	.093	3.57	3.94	1	5
	Total	300	3.71	1.438	.083	3.54	3.87	1	7

Source: Company positioning and customers' perception survey, 2007.

Table 40: To what degree do you agree with the following statements: - Levene Statistic

	Levene Statistic	df1	df2	Sig.
Škoda is of high quality.	1.591	2	297	.206
I view the Škoda brand name positively.	22.047	2	297	.000
Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	40.804	2	297	.000
Škoda appears to be of very poor quality.	8.678	2	297	.000
Škoda is a desirable brand.	1.575	2	297	.209

Source: Company positioning and customers' perception survey, 2007.

Table 41: To what degree do you agree with the following statements: - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Škoda is of high quality.	Between Groups	205.531	2	102.765	102.553	.000
	Within Groups	297.616	297	1.002		
	Total	503.147	299			
I view the Škoda brand name positively.	Between Groups	414.819	2	207.410	181.127	.000
	Within Groups	340.097	297	1.145		
	Total	754.917	299			
Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	Between Groups	408.021	2	204.010	156.461	.000
	Within Groups	387.259	297	1.304		
	Total	795.280	299			
Škoda appears to be of very poor quality.	Between Groups	225.922	2	112.961	79.610	.000
	Within Groups	421.424	297	1.419		
	Total	647.347	299			
Škoda is a desirable brand.	Between Groups	296.384	2	148.192	136.770	.000
	Within Groups	321.802	297	1.084		
	Total	618.187	299			

Source: Company positioning and customers' perception survey, 2007.

Table 42: To what degree do you agree with the following statements: − Tamhane test

Dependent Variable	(I) Segments	(J) Segments	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Škoda is of high quality.	Fans	Haters	2.178(*)	.148	.000	1.82	2.53
		Neutrals	1.046(*)	.136	.000	.72	1.37
	Haters	Fans	-2.178(*)	.148	.000	-2.53	-1.82
		Neutrals	-1.132(*)	.138	.000	-1.46	-.80
	Neutrals	Fans	-1.046(*)	.136	.000	-1.37	-.72
		Haters	1.132(*)	.138	.000	.80	1.46
I view the Škoda brand name positively.	Fans	Haters	3.103(*)	.133	.000	2.78	3.42
		Neutrals	1.533(*)	.131	.000	1.22	1.85
	Haters	Fans	-3.103(*)	.133	.000	-3.42	-2.78
		Neutrals	-1.570(*)	.154	.000	-1.94	-1.20
	Neutrals	Fans	-1.533(*)	.131	.000	-1.85	-1.22
		Haters	1.570(*)	.154	.000	1.20	1.94
Even if another brand has the same features as Škoda, I would prefer to buy Škoda.	Fans	Haters	3.113(*)	.163	.000	2.72	3.51
		Neutrals	1.936(*)	.197	.000	1.46	2.41
	Haters	Fans	-3.113(*)	.163	.000	-3.51	-2.72
		Neutrals	-1.177(*)	.139	.000	-1.51	-.84
	Neutrals	Fans	-1.936(*)	.197	.000	-2.41	-1.46
		Haters	1.177(*)	.139	.000	.84	1.51
Škoda appears to be of very poor quality.	Fans	Haters	-1.798(*)	.215	.000	-2.32	-1.28
		Neutrals	.016	.192	1.000	-.45	.48
	Haters	Fans	1.798(*)	.215	.000	1.28	2.32
		Neutrals	1.813(*)	.149	.000	1.45	2.17
	Neutrals	Fans	-.016	.192	1.000	-.48	.45
		Haters	-1.813(*)	.149	.000	-2.17	-1.45
Škoda is a desirable brand.	Fans	Haters	2.651(*)	.159	.000	2.27	3.04
		Neutrals	1.534(*)	.152	.000	1.17	1.90
	Haters	Fans	-2.651(*)	.159	.000	-3.04	-2.27
		Neutrals	-1.117(*)	.139	.000	-1.45	-.78
	Neutrals	Fans	-1.534(*)	.152	.000	-1.90	-1.17
		Haters	1.117(*)	.139	.000	.78	1.45

* The mean difference is significant at the .05 level.
Source: Company positioning and customers' perception survey, 2007.

Appendix 8: Sociodemographical characteristics of segments

Table 43: Segments according to age

			Age?				Total
			18 to 30 years	31 to 40 years	41 to 50 years	51 years or more	
Segments	Fans	%	47,7%	38,6%	11,4%	2,3%	100,0%
	Haters	%	35,8%	37,3%	19,4%	7,5%	100,0%
	Neutrals	%	34,8%	41,6%	19,1%	4,5%	100,0%
Total		Count	76	79	35	10	200
		%	38,0%	39,5%	17,5%	5,0%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 44: Segments according to age – Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,329(a)	6	,632
Likelihood Ratio	4,444	6	,617
Linear-by-Linear Association	1,762	1	,184
N of Valid Cases	200		

a 3 cells (25,0%) have expected count less than 5. The minimum expected count is 2,20.
Source: Company positioning and customers' perception survey, 2007.

Table 45: Segments according to gender

			Gender?		
			Female	Male	Total
Segments	Fans	%	46,4%	53,6%	100,0%
	Haters	%	59,3%	40,7%	100,0%
	Neutrals	%	45,5%	54,5%	100,0%
Total		Count	152	148	300
		%	50,7%	49,3%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 46: Segments according to gender Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,997(a)	2	,082
Likelihood Ratio	5,020	2	,081
Linear-by-Linear Association	,247	1	,619
N of Valid Cases	300		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 34,04.
Source: Company positioning and customers' perception survey, 2007.

Table 47: Segments according to average gross salary

			According to the official statistics, the average gross salary is 1,261.09 EUR			Total
			Above the average	Average	Below the average	
Segments	Fans	%	33,3%	29,0%	37,7%	100,0%
	Haters	%	40,7%	27,8%	31,5%	100,0%
	Neutrals	%	37,4%	32,5%	30,1%	100,0%
Total		Count	113	90	97	300
		%	37,7%	30,0%	32,3%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 48: Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,907(a)	4	,753
Likelihood Ratio	1,885	4	,757
Linear-by-Linear Association	,652	1	,419
N of Valid Cases	300		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 20,70.
Source: Company positioning and customers' perception survey, 2007.

Table 49: Segments according to household size

			How many people (including you) live in your household?					Total
			one	two	three	four	5 or more	
Segments	Fans	%	18,8%	18,8%	23,2%	31,9%	7,2%	100,0%
	Haters	%	13,0%	23,1%	22,2%	35,2%	6,5%	100,0%
	Neutrals	%	9,8%	28,5%	30,1%	25,2%	6,5%	100,0%
Total		Count	39	73	77	91	20	300
		%	13,0%	24,3%	25,7%	30,3%	6,7%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 50: Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,187(a)	8	,415
Likelihood Ratio	8,090	8	,425
Linear-by-Linear Association	,008	1	,928
N of Valid Cases	300		

a 1 cells (6,7%) have expected count less than 5. The minimum expected count is 4,60.
Source: Company positioning and customers' perception survey, 2007.

Table 51: Segments according to number of cars in the household

			How many cars do you currently own in your household?				Total
			one	two	three	4 or more	
Segmenti	Fans	%	39,1%	39,1%	11,6%	10,1%	100,0%
	Haters	%	21,3%	48,1%	20,4%	10,2%	100,0%
	Neutrals	%	30,9%	43,9%	20,3%	4,9%	100,0%
Total		Count	88	133	55	24	300
		%	29,3%	44,3%	18,3%	8,0%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 52: Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10,279(a)	6	,113
Likelihood Ratio	10,725	6	,097
Linear-by-Linear Association	,075	1	,784
N of Valid Cases	300		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 5,52.
Source: Company positioning and customers' perception survey, 2007.

Table 53: Segments according to considering buying a new car within the next six months?

			Are you considering buying a new car within the next six months?		Total
			Yes	No	
Segmenti	Fans	%	30,4%	69,6%	100,0%
	Haters	%	36,1%	63,9%	100,0%
	Neutrals	%	27,6%	72,4%	100,0%
Total		Count	94	206	300
		%	31,3%	68,7%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 54: Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,951(a)	2	,377
Likelihood Ratio	1,940	2	,379
Linear-by-Linear Association	,391	1	,532
N of Valid Cases	300		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 21,62.
Source: Company positioning and customers' perception survey, 2007.

Appendix 9: Other characteristics of segments

Table 55: Segments based on their opinion of what does a car mean to them.

			What does a car mean to you most?			Total
			Necessity	Transportation	Fast motion	
Segments	Fans	%	38,2%	58,8%	2,9%	100,0%
	Haters	%	28,2%	63,1%	8,7%	100,0%
	Neutrals	%	25,6%	66,1%	8,3%	100,0%
Total		Count	86	185	21	292
		%	29,5%	63,4%	7,2%	100,0%

Source: Company positioning and customers' perception survey, 2007.

Table 56: Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,055(a)	4	,282
Likelihood Ratio	5,397	4	,249
Linear-by-Linear Association	3,580	1	,058
N of Valid Cases	292		

a 1 cells (11,1%) have expected count less than 5. The minimum expected count is 4,89.
Source: Company positioning and customers' perception survey, 2007.

Table 57: Which car brand do you prefer the most? - Descriptive statistics

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Audi	Fans	69	1,32	1,19	1,03	1,61	0	3
	Haters	108	1,41	1,10	1,20	1,62	0	3
	Neutrals	123	1,50	1,22	1,29	1,72	0	3
	Total	300	1,43	1,17	1,29	1,56	0	3
Citröen	Fans	69	0,28	0,75	0,10	0,45	0	3
	Haters	108	0,20	0,62	0,08	0,32	0	3
	Neutrals	123	0,24	0,65	0,12	0,35	0	3
	Total	300	0,23	0,66	0,16	0,31	0	3
Mercedes Benz	Fans	69	0,93	1,09	0,67	1,19	0	3
	Haters	108	1,28	1,18	1,05	1,50	0	3
	Neutrals	123	1,18	1,16	0,97	1,39	0	3
	Total	300	1,16	1,16	1,03	1,29	0	3
Porsche	Fans	69	0,64	1,14	0,36	0,91	0	3
	Haters	108	1,06	1,30	0,82	1,31	0	3
	Neutrals	123	0,86	1,18	0,65	1,07	0	3
	Total	300	0,88	1,22	0,74	1,02	0	3
Renault	Fans	69	0,55	0,87	0,34	0,76	0	3
	Haters	108	0,56	1,00	0,37	0,76	0	3
	Neutrals	123	0,40	0,92	0,23	0,56	0	3
	Total	300	0,49	0,94	0,39	0,60	0	3
Volkswagen	Fans	69	1,30	1,19	1,02	1,59	0	3
	Haters	108	0,74	1,03	0,54	0,94	0	3
	Neutrals	123	0,98	1,03	0,80	1,17	0	3
	Total	300	0,97	1,09	0,85	1,09	0	3
Volvo	Fans	69	0,94	1,15	0,67	1,22	0	3
	Haters	108	0,76	1,09	0,55	0,97	0	3
	Neutrals	123	0,83	1,09	0,63	1,02	0	3
	Total	300	0,83	1,10	0,70	0,96	0	3

Source: Company positioning and customers' perception survey, 2007.

Table 58: Which car brand do you prefer the most? – Levene Statistic

	Levene Statistic	df1	df2	Sig.
Audi	2,286	2	297	0,103
Citröen	0,776	2	297	0,461
Mercedes Benz	2,126	2	297	0,121
Porsche	3,502	2	297	0,031
Renault	1,801	2	297	0,167
Volkswagen	3,798	2	297	0,024
Volvo	0,115	2	297	0,892

Source: Company positioning and customers' perception survey, 2007.

Table 59: Which car brand do you prefer the most? - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Audi	Between Groups	1,579	2	0,79	0,575	0,563
	Within Groups	407,808	297	1,373		
	Total	409,387	299			
Citröen	Between Groups	0,217	2	0,109	0,246	0,782
	Within Groups	131,449	297	0,443		
	Total	131,667	299			
Mercedes Benz	Between Groups	5,267	2	2,634	1,983	0,139
	Within Groups	394,369	297	1,328		
	Total	399,637	299			
Porsche	Between Groups	7,778	2	3,889	2,63	0,074
	Within Groups	439,139	297	1,479		
	Total	446,917	299			
Renault	Between Groups	1,888	2	0,944	1,074	0,343
	Within Groups	261,098	297	0,879		
	Total	262,987	299			
Volkswagen	Between Groups	13,413	2	6,707	5,87	0,003
	Within Groups	339,317	297	1,142		
	Total	352,73	299			
Volvo	Between Groups	1,407	2	0,703	0,576	0,563
	Within Groups	362,923	297	1,222		
	Total	364,33	299			

Source: Company positioning and customers' perception survey, 2007.

Table 60: Which car brand do you prefer the most? – Tamhane's Post Hoc test

Dependent Variable	(I) Segments	(J) Segments	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Audi	Fans	Haters	-0,09	0,18	0,95	-0,52	0,34
		Neutrals	-0,19	0,18	0,67	-0,62	0,25
	Haters	Fans	0,09	0,18	0,95	-0,34	0,52
		Neutrals	-0,10	0,15	0,89	-0,46	0,27
	Neutrals	Fans	0,19	0,18	0,67	-0,25	0,62
		Haters	0,10	0,15	0,89	-0,27	0,46
Citröen	Fans	Haters	0,07	0,11	0,88	-0,19	0,33
		Neutrals	0,04	0,11	0,98	-0,22	0,30
	Haters	Fans	-0,07	0,11	0,88	-0,33	0,19
		Neutrals	-0,03	0,08	0,97	-0,23	0,17
	Neutrals	Fans	-0,04	0,11	0,98	-0,30	0,22
		Haters	0,03	0,08	0,97	-0,17	0,23
Mercedes Benz	Fans	Haters	-0,35	0,17	0,13	-0,77	0,07
		Neutrals	-0,25	0,17	0,36	-0,66	0,15
	Haters	Fans	0,35	0,17	0,13	-0,07	0,77
		Neutrals	0,10	0,15	0,89	-0,27	0,47
	Neutrals	Fans	0,25	0,17	0,36	-0,15	0,66
		Haters	-0,10	0,15	0,89	-0,47	0,27
Porsche	Fans	Haters	-0,43	0,19	0,07	-0,87	0,02
		Neutrals	-0,22	0,17	0,49	-0,64	0,20
	Haters	Fans	0,43	0,19	0,07	-0,02	0,87
		Neutrals	0,20	0,16	0,52	-0,19	0,60
	Neutrals	Fans	0,22	0,17	0,49	-0,20	0,64
		Haters	-0,20	0,16	0,52	-0,60	0,19
Renault	Fans	Haters	-0,01	0,14	1,00	-0,36	0,33
		Neutrals	0,15	0,13	0,59	-0,17	0,47
	Haters	Fans	0,01	0,14	1,00	-0,33	0,36
		Neutrals	0,17	0,13	0,47	-0,14	0,47
	Neutrals	Fans	-0,15	0,13	0,59	-0,47	0,17
		Haters	-0,17	0,13	0,47	-0,47	0,14
Volkswagen	Fans	Haters	,56361(*)	0,17	0,01	0,14	0,99
		Neutrals	0,32	0,17	0,18	-0,09	0,73
	Haters	Fans	-,56361(*)	0,17	0,01	-0,99	-0,14
		Neutrals	-0,24	0,14	0,21	-0,57	0,08
	Neutrals	Fans	-0,32	0,17	0,18	-0,73	0,09
		Haters	0,24	0,14	0,21	-0,08	0,57
Volvo	Fans	Haters	0,18	0,17	0,65	-0,24	0,60
		Neutrals	0,11	0,17	0,88	-0,30	0,52
	Haters	Fans	-0,18	0,17	0,65	-0,60	0,24
		Neutrals	-0,07	0,14	0,95	-0,42	0,28
	Neutrals	Fans	-0,11	0,17	0,88	-0,52	0,30
		Haters	0,07	0,14	0,95	-0,28	0,42

Source: Company positioning and customers' perception survey, 2007.

Table 61: What are the three most important features when considering a car? – Descriptive statistics

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Safety	Fans	69	1,68	1,37	1,35	2,01	0	3
	Haters	108	1,74	1,37	1,48	2,00	0	3
	Neutrals	123	1,80	1,25	1,57	2,02	0	3
	Total	300	1,75	1,32	1,60	1,90	0	3
Equipment	Fans	69	0,29	0,71	0,12	0,46	0	3
	Haters	108	0,16	0,51	0,06	0,26	0	2
	Neutrals	123	0,22	0,68	0,10	0,34	0	3
	Total	300	0,21	0,63	0,14	0,29	0	3
Comfort	Fans	69	0,43	0,95	0,21	0,66	0	3
	Haters	108	0,49	0,87	0,32	0,66	0	3
	Neutrals	123	0,39	0,81	0,25	0,53	0	3
	Total	300	0,44	0,86	0,34	0,53	0	3
Quality	Fans	69	0,86	1,09	0,59	1,12	0	3
	Haters	108	1,04	1,14	0,82	1,26	0	3
	Neutrals	123	1,07	1,19	0,85	1,28	0	3
	Total	300	1,01	1,15	0,88	1,14	0	3
Reliability	Fans	69	0,88	1,14	0,61	1,16	0	3
	Haters	108	0,56	0,97	0,37	0,74	0	3
	Neutrals	123	0,56	0,94	0,39	0,73	0	3
	Total	300	0,63	1,01	0,52	0,75	0	3
Price	Fans	69	0,68	0,98	0,45	0,92	0	3
	Haters	108	0,68	1,02	0,48	0,87	0	3
	Neutrals	123	0,84	1,08	0,64	1,03	0	3
	Total	300	0,74	1,04	0,63	0,86	0	3
Space	Fans	69	0,25	0,74	0,07	0,42	0	3
	Haters	108	0,27	0,69	0,14	0,40	0	3
	Neutrals	123	0,25	0,74	0,12	0,38	0	3
	Total	300	0,26	0,72	0,17	0,34	0	3
Looks	Fans	69	0,32	0,70	0,15	0,49	0	3
	Haters	108	0,53	0,91	0,35	0,70	0	3
	Neutrals	123	0,48	0,92	0,32	0,64	0	3
	Total	300	0,46	0,87	0,36	0,56	0	3
Economical consumption	Fans	69	0,51	0,82	0,31	0,70	0	3
	Haters	108	0,36	0,70	0,23	0,50	0	3
	Neutrals	123	0,30	0,63	0,19	0,41	0	3
	Total	300	0,37	0,70	0,29	0,45	0	3
Interior design	Fans	69	0,03	0,24	-0,03	0,09	0	2
	Haters	108	0,07	0,43	-0,01	0,16	0	3
	Neutrals	123	0,01	0,09	-0,01	0,02	0	1
	Total	300	0,04	0,29	0,00	0,07	0	3
Service network	Fans	69	0,07	0,40	-0,02	0,17	0	3
	Haters	108	0,08	0,44	0,00	0,17	0	3
	Neutrals	123	0,09	0,41	0,02	0,16	0	3
	Total	300	0,08	0,41	0,04	0,13	0	3

Source: Company positioning and customers' perception survey, 2007.

Table 62: What are the three most important features when considering a car? – Levene Statstic

	Levene Statistic	df1	df2	Sig.
Safety	4,529	2	297	0,012
Equipment	3,484	2	297	0,032
Comfort	0,807	2	297	0,447
Quality	0,706	2	297	0,494
Reliability	5,477	2	297	0,005
Price	0,606	2	297	0,546
Space	0,02	2	297	0,98
Looks	4,663	2	297	0,01
Economical consumption	3,493	2	297	0,032
Interior design	6,366	2	297	0,002
Service network	0,137	2	297	0,872

Source: Company positioning and customers' perception survey, 2007.

Table 63: What are the three most important features when considering a car? – ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Safety	Between Groups	0,605	2	0,303	0,174	0,841
	Within Groups	517,645	297	1,743		
	Total	518,25	299			
Equipment	Between Groups	0,747	2	0,373	0,927	0,397
	Within Groups	119,6	297	0,403		
	Total	120,347	299			
Comfort	Between Groups	0,581	2	0,291	0,39	0,677
	Within Groups	221,216	297	0,745		
	Total	221,797	299			
Quality	Between Groups	2,104	2	1,052	0,797	0,451
	Within Groups	391,882	297	1,319		
	Total	393,987	299			
Reliability	Between Groups	5,635	2	2,817	2,808	0,062
	Within Groups	298,032	297	1,003		
	Total	303,667	299			
Price	Between Groups	1,846	2	0,923	0,858	0,425
	Within Groups	319,391	297	1,075		
	Total	321,237	299			
Space	Between Groups	0,025	2	0,013	0,024	0,976
	Within Groups	155,212	297	0,523		
	Total	155,237	299			
Looks	Between Groups	1,919	2	0,959	1,269	0,283
	Within Groups	224,601	297	0,756		
	Total	226,52	299			
Economical consumption	Between Groups	1,897	2	0,949	1,929	0,147
	Within Groups	146,033	297	0,492		
	Total	147,93	299			
Interior design	Between Groups	0,255	2	0,128	1,558	0,212
	Within Groups	24,341	297	0,082		
	Total	24,597	299			
Service network	Between Groups	0,013	2	0,006	0,037	0,964
	Within Groups	50,904	297	0,171		
	Total	50,917	299			

Source: Company positioning and customers' perception survey, 2007.

Table 64: Would you buy the following car brand? – Descriptive Statistics

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Volkswagen	Fans	69	4,99	2,17	4,47	5,51	1	7
	Haters	108	5,00	1,71	4,67	5,33	1	7
	Neutrals	123	5,06	1,86	4,73	5,39	1	7
	Total	300	5,02	1,88	4,81	5,23	1	7
Audi	Fans	69	4,67	2,12	4,16	5,18	1	7
	Haters	108	5,29	1,82	4,94	5,63	1	7
	Neutrals	123	5,28	1,86	4,95	5,62	1	7
	Total	300	5,14	1,92	4,93	5,36	1	7
Škoda	Fans	69	4,78	1,57	4,41	5,16	1	7
	Haters	108	2,19	1,20	1,96	2,42	1	7
	Neutrals	123	3,45	1,56	3,17	3,73	1	6
	Total	300	3,30	1,74	3,11	3,50	1	7
Renault	Fans	69	4,39	1,89	3,94	4,84	1	7
	Haters	108	4,32	1,90	3,96	4,69	1	7
	Neutrals	123	4,25	1,65	3,96	4,55	1	7
	Total	300	4,31	1,79	4,11	4,51	1	7
Citröen	Fans	69	3,70	1,55	3,32	4,07	1	7
	Haters	108	3,47	1,62	3,16	3,78	1	7
	Neutrals	123	3,78	1,81	3,46	4,10	1	7
	Total	300	3,65	1,69	3,46	3,84	1	7

Source: Company positioning and customers' perception survey, 2007.

Table 65: Would you buy the following car brand? – Levene Statistics

	Levene Statistic	df1	df2	Sig.
Volkswagen	4,905	2	297	0,008
Audi	2,587	2	297	0,077
Škoda	7,53	2	297	0,001
Renault	3,093	2	297	0,047
Citröen	4,543	2	297	0,011

Source: Company positioning and customers' perception survey, 2007.

Table 66: Would you buy the following car brand? – ANOVA

		Sum of	df	Mean Square	F	Sig.
Volkswagen	Between Groups	0,293	2	0,146	0,041	0,96
	Within Groups	1053,59	297	3,547		
	Total	1053,88	299			
Audi	Between Groups	20,361	2	10,18	2,793	0,063
	Within Groups	1082,48	297	3,645		
	Total	1102,84	299			
Škoda	Between Groups	286,334	2	143,167	68,464	0
	Within Groups	621,062	297	2,091		
	Total	907,397	299			
Renault	Between Groups	0,891	2	0,445	0,138	0,871
	Within Groups	961,279	297	3,237		
	Total	962,17	299			
Citröen	Between Groups	5,651	2	2,826	0,994	0,371
	Within Groups	844,599	297	2,844		
	Total	850,25	299			

Source: Company positioning and customers' perception survey, 2007.

Table 67: Would you buy the following car brand? – Tamhane Post Hoc Test

Dependent Variable	(I) Segments	(J) Segments	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Volkswagen	Fans	Haters	-0,01	0,31	1,00	-0,76	0,73
		Neutrals	-0,07	0,31	0,99	-0,82	0,68
	Haters	Fans	0,01	0,31	1,00	-0,73	0,76
		Neutrals	-0,06	0,24	0,99	-0,62	0,51
	Neutrals	Fans	0,07	0,31	0,99	-0,68	0,82
		Haters	0,06	0,24	0,99	-0,51	0,62
Audi	Fans	Haters	-0,62	0,31	0,14	-1,37	0,13
		Neutrals	-0,62	0,31	0,13	-1,36	0,12
	Haters	Fans	0,62	0,31	0,14	-0,13	1,37
		Neutrals	0,00	0,24	1,00	-0,58	0,59
	Neutrals	Fans	0,62	0,31	0,13	-0,12	1,36
		Haters	0,00	0,24	1,00	-0,59	0,58
Škoda	Fans	Haters	2,588(*)	0,22	0,00	2,05	3,13
		Neutrals	1,335(*)	0,24	0,00	0,77	1,91
	Haters	Fans	-2,588(*)	0,22	0,00	-3,13	-2,05
		Neutrals	-1,253(*)	0,18	0,00	-1,69	-0,81
	Neutrals	Fans	-1,335(*)	0,24	0,00	-1,91	-0,77
		Haters	1,253(*)	0,18	0,00	0,81	1,69
Renault	Fans	Haters	0,07	0,29	0,99	-0,64	0,77
		Neutrals	0,14	0,27	0,94	-0,52	0,80
	Haters	Fans	-0,07	0,29	0,99	-0,77	0,64
		Neutrals	0,07	0,24	0,99	-0,50	0,64
	Neutrals	Fans	-0,14	0,27	0,94	-0,80	0,52
		Haters	-0,07	0,24	0,99	-0,64	0,50
Citröen	Fans	Haters	0,22	0,24	0,74	-0,36	0,81
		Neutrals	-0,09	0,25	0,98	-0,68	0,51
	Haters	Fans	-0,22	0,24	0,74	-0,81	0,36
		Neutrals	-0,31	0,23	0,44	-0,85	0,24
	Neutrals	Fans	0,09	0,25	0,98	-0,51	0,68
		Haters	0,31	0,23	0,44	-0,24	0,85

Source: Company positioning and customers' perception survey, 2007.

Table 68: Good value for money – Descriptive Statistics

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Volkswagen	Fans	69	4,97	1,76	4,55	5,39	1	7
	Haters	108	5,11	1,37	4,85	5,37	1	7
	Neutrals	123	5,02	1,35	4,78	5,27	1	7
	Total	300	5,04	1,46	4,88	5,21	1	7
Audi	Fans	69	4,77	1,84	4,33	5,21	1	7
	Haters	108	5,23	1,43	4,96	5,50	1	7
	Neutrals	123	5,01	1,50	4,74	5,28	1	7
	Total	300	5,03	1,56	4,86	5,21	1	7
Škoda	Fans	69	5,45	1,38	5,12	5,78	2	7
	Haters	108	4,18	1,20	3,95	4,40	1	7
	Neutrals	123	5,06	1,18	4,85	5,27	2	7
	Total	300	4,83	1,33	4,68	4,98	1	7
Renault	Fans	69	4,93	1,44	4,58	5,27	1	7
	Haters	108	4,80	1,43	4,52	5,07	1	7
	Neutrals	123	4,76	1,26	4,53	4,98	1	7
	Total	300	4,81	1,36	4,66	4,96	1	7
Citröen	Fans	69	4,52	1,40	4,19	4,86	1	7
	Haters	108	4,10	1,30	3,85	4,35	1	7
	Neutrals	123	4,59	1,27	4,37	4,82	1	7
	Total	300	4,40	1,32	4,25	4,55	1	7

Source: Company positioning and customers' perception survey, 2007.

Table 69: Good value for money - Levene Statistics

	Levene Statistic	df1	df2	Sig.
Volkswagen	5,067	2	297	0,007
Audi	4,595	2	297	0,011
Škoda	1,459	2	297	0,234
Renault	1,129	2	297	0,325
Citröen	0,733	2	297	0,482

Source: Company positioning and customers' perception survey, 2007.

Table 70: Good value for money – ANOVA

		Sum of	df	Mean Square	F	Sig.
Volkswagen	Between Groups	0,901	2	0,451	0,211	0,81
	Within Groups	633,536	297	2,133		
	Total	634,437	299			
Audi	Between Groups	9,172	2	4,586	1,89	0,153
	Within Groups	720,495	297	2,426		
	Total	729,667	299			
Škoda	Between Groups	78,999	2	39,499	25,878	0
	Within Groups	453,331	297	1,526		
	Total	532,33	299			
Renault	Between Groups	1,331	2	0,665	0,357	0,7
	Within Groups	552,839	297	1,861		
	Total	554,17	299			
Citröen	Between Groups	15,228	2	7,614	4,445	0,013
	Within Groups	508,772	297	1,713		
	Total	524	299			

Source: Company positioning and customers' perception survey, 2007.

Table 71: What does the brand name Škoda mean to you?

			\multicolumn{5}{c}{What does the brand name Škoda mean to you?}	Total
			Good value for money	Czech company with German touch	Tradition	Bad logo and design	Without quality	
Segments	Fans	%	55,10%	27,50%	13,00%	1,40%	2,90%	100,00%
	Haters	%	26,90%	34,30%	20,40%	8,30%	10,20%	100,00%
	Neutrals	%	30,90%	46,30%	12,20%	4,10%	6,50%	100,00%
Total		Count	105	113	46	15	21	300
		%	35,00%	37,70%	15,30%	5,00%	7,00%	100,00%

Source: Company positioning and customers' perception survey, 2007.

Table 72: What does the brand name Škoda mean to you? - Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25,689(a)	8	0,001
Likelihood Ratio	25,217	8	0,001
Linear-by-Linear Association	2,773	1	0,096
N of Valid Cases	300		

a 2 cells (13,3%) have expected count less than 5. The minimum expected count is 3,45
Source: Company positioning and customers' perception survey, 2007.

Table 73: The listed car brand would be your first choice - Descriptive Statistics

		N	Mean	Std. Deviation	\multicolumn{2}{c}{95% Confidence Interval for Mean}	Minimum	Maximum
					Lower Bound	Upper Bound		
Volkswagen	Fans	69	3,67	1,379	3,34	4	1	5
	Haters	108	3,66	1,095	3,45	3,87	1	5
	Neutrals	123	3,69	1,146	3,49	3,9	1	5
	Total	300	3,67	1,182	3,54	3,81	1	5
Audi	Fans	69	3,61	1,507	3,25	3,97	1	5
	Haters	108	4,05	1,195	3,82	4,27	1	5
	Neutrals	123	3,9	1,257	3,68	4,13	1	5
	Total	300	3,89	1,304	3,74	4,03	1	5
Škoda	Fans	69	3,75	0,881	3,54	3,97	1	5
	Haters	108	1,81	0,755	1,66	1,95	1	4
	Neutrals	123	2,51	0,944	2,34	2,68	1	5
	Total	300	2,54	1,131	2,41	2,67	1	5
Renault	Fans	69	3,1	1,296	2,79	3,41	1	5
	Haters	108	3,16	1,291	2,91	3,4	1	5
	Neutrals	123	3,06	1,154	2,85	3,26	1	5
	Total	300	3,1	1,235	2,96	3,24	1	5
Citröen	Fans	69	2,71	1,152	2,43	2,99	1	5
	Haters	108	2,45	1,071	2,25	2,66	1	5
	Neutrals	123	2,73	1,222	2,51	2,95	1	5
	Total	300	2,63	1,157	2,5	2,76	1	5

Source: Company positioning and customers' perception survey, 2007.

Table 74: The listed car brand would be your first choice – Levene Statistics

	Levene Statistic	df1	df2	Sig.
Volkswagen	5,159	2	297	0,01
Audi	5,537	2	297	0,00
Škoda	5,559	2	297	0,00
Renault	3,663	2	297	0,03
Citröen	1,438	2	297	0,24

Source: Company positioning and customers' perception survey, 2007.

Table 75: The listed car brand would be your first choice - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Volkswagen	Between Groups	0,069	2	0,035	0,025	0,976
	Within Groups	417,918	297	1,407		
	Total	417,987	299			
Audi	Between Groups	8,114	2	4,057	2,41	0,092
	Within Groups	500,033	297	1,684		
	Total	508,147	299			
Škoda	Between Groups	159,977	2	79,988	106,79	0
	Within Groups	222,46	297	0,749		
	Total	382,437	299			
Renault	Between Groups	0,581	2	0,291	0,19	0,827
	Within Groups	455,216	297	1,533		
	Total	455,797	299			
Citröen	Between Groups	5,069	2	2,534	1,905	0,151
	Within Groups	395,118	297	1,33		
	Total	400,187	299			

Source: Company positioning and customers' perception survey, 2007.

Table 76: The listed car brand would be your first choice – Tamhane test

Dependent Variable	(I) Segments	(J) Segments	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Volkswagen	Fans	Haters	0,01	0,20	1,00	-0,47	0,49
		Neutrals	-0,02	0,20	1,00	-0,50	0,45
	Haters	Fans	-0,01	0,20	1,00	-0,49	0,47
		Neutrals	-0,03	0,15	0,99	-0,39	0,32
	Neutrals	Fans	0,02	0,20	1,00	-0,45	0,50
		Haters	0,03	0,15	0,99	-0,32	0,39
Audi	Fans	Haters	-0,44	0,22	0,13	-0,96	0,08
		Neutrals	-0,29	0,21	0,43	-0,81	0,22
	Haters	Fans	0,44	0,22	0,13	-0,08	0,96
		Neutrals	0,14	0,16	0,76	-0,24	0,53
	Neutrals	Fans	0,29	0,21	0,43	-0,22	0,81
		Haters	-0,14	0,16	0,76	-0,53	0,24
Škoda	Fans	Haters	1,948(*)	0,13	0,00	1,64	2,26
		Neutrals	1,241(*)	0,14	0,00	0,91	1,57
	Haters	Fans	-1,948(*)	0,13	0,00	-2,26	-1,64
		Neutrals	-,707(*)	0,11	0,00	-0,98	-0,44
	Neutrals	Fans	-1,241(*)	0,14	0,00	-1,57	-0,91
		Haters	,707(*)	0,11	0,00	0,44	0,98
Renault	Fans	Haters	-0,06	0,20	0,99	-0,54	0,43
		Neutrals	0,05	0,19	0,99	-0,41	0,50
	Haters	Fans	0,06	0,20	0,99	-0,43	0,54
		Neutrals	0,10	0,16	0,90	-0,29	0,49
	Neutrals	Fans	-0,05	0,19	0,99	-0,50	0,41
		Haters	-0,10	0,16	0,90	-0,49	0,29
Citröen	Fans	Haters	0,26	0,17	0,36	-0,16	0,67
		Neutrals	-0,02	0,18	1,00	-0,45	0,41
	Haters	Fans	-0,26	0,17	0,36	-0,67	0,16
		Neutrals	-0,28	0,15	0,19	-0,64	0,08
	Neutrals	Fans	0,02	0,18	1,00	-0,41	0,45
		Haters	0,28	0,15	0,19	-0,08	0,64

Source: Company positioning and customers' perception survey, 2007.

Table 77: Please express how much you agree with the following statements – Descriptive Statistics

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
There are only minor variations among brands of cars in terms of quality	Fans	69	3,99	1,89	3,53	4,44	1	7
	Haters	108	3,04	1,558	2,74	3,33	1	6
	Neutrals	123	3,39	1,854	3,06	3,72	1	7
	Total	300	3,4	1,792	3,2	3,6	1	7
Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	Fans	69	2,38	1,214	2,09	2,67	1	5
	Haters	108	3,89	1,187	3,66	4,12	1	7
	Neutrals	123	2,79	1,295	2,56	3,02	1	6
	Total	300	3,09	1,381	2,93	3,25	1	7
Products made in the Czech Republic are usually a good value for the money	Fans	69	5,25	1,311	4,93	5,56	1	7
	Haters	108	3,94	1,109	3,73	4,16	1	7
	Neutrals	123	4,61	1,226	4,39	4,83	1	7
	Total	300	4,52	1,299	4,37	4,66	1	7

Source: Company positioning and customers' perception survey, 2007.

Table 78: Please express how much you agree with the following statements – Levene test

	Levene Statistic	df1	df2	Sig.
There are only minor variations among brands of cars in terms of quality	5,627	2	297	0,004
Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	2,446	2	297	0,088
Products made in the Czech Republic are usually a good value for the money	2,978	2	297	0,052

Source: Company positioning and customers' perception survey, 2007.

Table 79: Please express how much you agree with the following statements - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
There are only minor variations among brands of cars in terms of quality	Between Groups	37,894	2	18,947	6,103	0,003
	Within Groups	922,106	297	3,105		
	Total	960	299			
Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	Between Groups	115,196	2	57,598	37,566	0
	Within Groups	455,374	297	1,533		
	Total	570,57	299			
Products made in the Czech Republic are usually a good value for the money	Between Groups	73,17	2	36,585	25,167	0
	Within Groups	431,747	297	1,454		
	Total	504,917	299			

Source: Company positioning and customers' perception survey, 2007.

Table 80: Please express how much you agree with the following statements – Tamhane Post Hoc Test

Dependent Variable	(I) Segments	(J) Segments	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
There are only minor variations among brands of cars in terms of quality	Fans	Haters	,948(*)	0,273	0,002	0,29	1,61
		Neutrals	0,595	0,282	0,106	-0,09	1,28
	Haters	Fans	-,948(*)	0,273	0,002	-1,61	-0,29
		Neutrals	-0,353	0,225	0,312	-0,89	0,19
	Neutrals	Fans	-0,595	0,282	0,106	-1,28	0,09
		Haters	0,353	0,225	0,312	-0,19	0,89
Products made in the Czech Republic are generally of a lower quality than similar products available from other countries.	Fans	Haters	-1,512(*)	0,185	0	-1,96	-1,06
		Neutrals	-0,412	0,187	0,085	-0,86	0,04
	Haters	Fans	1,512(*)	0,185	0	1,06	1,96
		Neutrals	1,100(*)	0,163	0	0,71	1,49
	Neutrals	Fans	0,412	0,187	0,085	-0,04	0,86
		Haters	-1,100(*)	0,163	0	-1,49	-0,71
Products made in the Czech Republic are usually a good value for the money	Fans	Haters	1,302(*)	0,19	0	0,84	1,76
		Neutrals	,637(*)	0,193	0,004	0,17	1,1
	Haters	Fans	-1,302(*)	0,19	0	-1,76	-0,84
		Neutrals	-,665(*)	0,154	0	-1,03	-0,3
	Neutrals	Fans	-,637(*)	0,193	0,004	-1,1	-0,17
		Haters	,665(*)	0,154	0	0,3	1,03

Source: Company positioning and customers' perception survey, 2007.

Table 81: What kind of car model do you think the Škoda Auto should introduce in its line?

			What kind of car model do you think the Škoda Auto should introduce in its line?					Total
			Jeep type (SUV)	Sports car	Minivan	Pick-up truck/business vans (commercial vehicle)	Other	
Segments	Fans	%	52,20%	18,80%	23,20%	5,80%	0,00%	100,00%
	Haters	%	47,20%	23,10%	13,00%	13,00%	3,70%	100,00%
	Neutrals	%	59,30%	20,30%	16,30%	4,10%	0,00%	100,00%
Total		Count	160	63	50	23	4	300
		%	53,30%	21,00%	16,70%	7,70%	1,30%	100,00%

Source: Company positioning and customers' perception survey, 2007.

Table 82. Chi-Square statistics

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18,146(a)	8	0,02
Likelihood Ratio	18,866	8	0,016
Linear-by-Linear Association	2,335	1	0,127
N of Valid Cases	300		

Source: Company positioning and customers' perception survey, 2007.

Appendix 10: The importance and satisfaction with car characteristics

Table 83: Average importance of features

	N	Minimum	Maximum	Mean	Std. Deviation
Safety	300	1,00	5,00	3,4400	1,74256
Quality	300	1,00	5,00	2,5000	1,60996
Price	300	1,00	5,00	2,1533	1,48228
Reliability	300	1,00	5,00	1,9567	1,44745
Looks	300	1,00	5,00	1,7167	1,27874
Comfort	300	1,00	5,00	1,6800	1,26078
Economical consumption	300	1,00	5,00	1,6367	1,11150
Space	300	1,00	5,00	1,3900	1,03995
Equipment	300	1,00	5,00	1,3267	,93963
Service network	300	1,00	5,00	1,1333	,61385
Interior design	300	1,00	5,00	1,0567	,41718
Average importance	**300**			**1,1817**	

Source: Company positioning and customers' perception survey, 2007.

Table 84: Average importance of quality and average satisfaction with quality within segments

Segmenti	Quality	Volkswagen	Audi	Škoda	Renault	Citröen
Fans	2,2899	5,67	5,78	5,57	4,94	4,70
Haters	2,5463	5,60	5,78	4,19	4,61	4,11
Neutrals	2,5772	5,75	6,02	4,82	4,72	4,56
Total	2,5000	5,68	5,88	4,77	4,73	4,43

Source: Company positioning and customers' perception survey, 2007.

Table 85: Average importance of safety and average satisfaction with safety within segments

Segmenti	Safety	Volkswagen	Audi	Škoda	Renault	Citröen
Fans	3,3333	5,87	5,96	5,59	5,78	5,06
Haters	3,3981	5,87	6,12	4,39	5,25	4,63
Neutrals	3,5366	5,76	6,15	5,12	5,28	4,92
Total	3,4400	5,83	6,09	4,97	5,39	4,85

Source: Company positioning and customers' perception survey, 2007.

Table 86: Average importance of price and average satisfaction with price within segments

Segmenti	Price	Volkswagen	Audi	Škoda	Renault	Citröen
Fans	2,0725	4,97	4,77	5,45	4,93	4,52
Haters	2,0463	5,11	5,23	4,18	4,80	4,10
Neutrals	2,2927	5,02	5,01	5,06	4,76	4,59
Total	2,1533	5,04	5,03	4,83	4,81	4,40

Source: Company positioning and customers' perception survey, 2007.

Table 87: Average importance of reliability and average satisfaction with reliability within segments

Segmenti	Reliability	Volkswagen	Audi	Škoda	Renault	Citröen
Fans	2,3043	5,81	5,81	5,71	4,93	4,72
Haters	1,8333	5,79	5,88	4,29	4,79	4,19
Neutrals	1,8699	5,76	6,11	5,06	4,67	4,58
Total	1,9567	5,78	5,96	4,93	4,77	4,47

Source: Company positioning and customers' perception survey, 2007.

Table 88: Average importance of service network and average satisfaction with service network within segments

Segmenti	Service network	Volkswagen	Audi	Škoda	Renault	Citröen
Fans	1,1159	6,03	5,84	5,70	6,13	5,20
Haters	1,1296	6,03	5,71	5,12	6,10	5,15
Neutrals	1,1463	5,99	5,82	5,56	6,21	5,36
Total	1,1333	6,01	5,79	5,43	6,15	5,25

Source: Company positioning and customers' perception survey, 2007.