MARKETING STRATEGY PROPOSAL
Case study: Dormeo Slovenia
Internet Viewpoint and Orientation

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1 FROM THEORY TO EXECUTABLE PROPOSAL

“Marketing is the mainspring of every business. After all, marketing is the science of getting people to come in and try your product or service, getting them to come back again and again, and getting them to purchase more when they do come back. Without marketing, you lose customers. And without customers, you lose business. “

Jay L. Abraham

To make the best out of this thesis I decided to take you through Dormeo Internet marketing strategy step by step. As I studied marketing in University of Applied sciences, I decided to make my thesis as practical as possible. In matter a fact so practical that this document could be used as a real marketing plan. From the company point of you this means that they will have ready marketing plan to follow in practice; not necessary in Slovenia, but in one of the other 18 Studio Moderna d.o.o. countries where Dormeo is sold. Not to forget the external partners in 7 additional countries Dormeo brand is sold (Studio Moderna d.o.o. 2009). Naturally, because of the specific nature of the document, I am hypothetically concentrating to only one market and one company. Still I want to talk more about my ideas about internet marketing in general before we jump to actual case study and the ideas implemented there. Naturally without forgetting those theories that are the base for our action.

My interest in the e-commerce, in particular towards direct response marketing was the reason for studying this subject and elaborating my thesis on the subject. As I work close in my regular job in internet marketing on Dormeo Sleep brand, natural choice to me was to study deeper in to the field where I can apply learned knowledge and see its’ functionality in practice. I chose to elaborate a hypothetical case study with purpose and aim to reach the level of hand on marketing strategy for in-house brand and study deeper the marketing strategy development and challenges from internet point of view.
I believe that in this point of our studies, we students should be able to prepare out thesis based of real life situations; therefore make cases that are actually, indeed, executable. This is why my ideas and theories that I used for this paper are mostly not from academic books or papers, but more from real life experts, professionals working on the field and information providers for internet marketing who through their constant work and testing have proven the best practices.

Most of the times, especially when it comes to advertising, the most obvious “correct solution” turns out to be the worst one. And sadly, in most of the cases, the marketer does not even know it. Why? This is what I am planning to study in following document answering questions like: what does strategy mean to the company and which are the most vital objectives in making and executing the internet strategy? I will search for proposals and solutions by using interviews, seminar handouts and several e-books on the subject to find alternative view points to practical strategy planning.

After researching the strategy development and ideas for successful campaign planning, I will show how I would try to make Dormeo mattresses online success.

1.1 Background

From company and brand point of view (in this case Studio Moderna d.o.o. and Dormeo brand, see p. 20) internet strategy planning is vital part of overall strategy, though the driving force of this direct marketing company is DRTV (direct response television). Internets’ significance is based on the fact that the airtime for DRTV is very limited, although the new primetime testing’s have started, the only actual source of comprehensive additional information is internet. It is also the only channel where the company can easily track the prospect/consumer behavior, allowing customer relationship management more efficient than in other channels.
As we know, usage of the internet has boomed with over 300 percent worldwide in last 8 years ([http://www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm), Internet Usage Growth 2000 – 2008). In 2008, 21,9% of the world's population uses internet and that doesn’t only give new options for the companies to market their products, but making it such a vast potential that companies can not take a risk of not being involved.

Internet is a tool to promote, advertise, merchandize and brand same as any other form of marketing, but alone its’ target and visibility is very limited. In Studio Moderna (case study later on) internet is treated as supporting channel for more traditional TV advertising. As we at Studio Moderna d.o.o. call it; TV the mother, we the child. But from TV point of you internet is also undeniable important. The beauty of it lies in the variety of options and the easiness of optimization. How often executed expensive add campaign – which then ends up not giving the wanted results – will be optimized in matter of minutes and the results therefore seen in hours even. Never, I would say.

Though, on the other hand if we view marketing strategy planning we find out that there are many different definitions describing the marketing strategy, but all of the share the same process of broad marketing thinking that allows an organization to concentrate its resources to develop products and marketing mixes in the right direction, still staying consistent with overall corporate objectives.

Most important question in making marketing plan is to ask: How do we most effectively market our products without forgetting to increase sales, engage customers, prospects and competitors in the market area?

I decided to rise up a challenge to create as executable in-house marketing brand for Dormeo Sleep brand. Even though the case study as such is hypothetical, the background information used is from real life. Dormeo internet research was conducted in quarter 2 in 2008 and the results we got from that research are used on daily basis for project planning the optimizations. Due to the nature of
the data, I could not publish the research results as whole, therefore I just shortly summarized the key findings in the case section.

I will first view the previously presented question from theoretical point of view and after that I try to implement the ideas and learning’s into practice.

1.2 Problem

“What does strategy really mean?

Quite simply: How to get from where you are to where you want to be.

If it is so simple, why do things go wrong?” (Lisac A. 2008)

Quote from Slovenian marketing guru Aleš Lisac says it all. What are it’s objectives in making and executing the strategy? What all is needed to be taken into consideration in strategy planning? How does the strategy need to be, even from one channel point of view to:

a) serve the channel specifics and

b) still serve the over all company and brand performance goals?

In this thesis I will focus on Internet sales channel point of view and orientation in strategy planning and in the case study I will try to search the solutions for channel integration as well.
1.3 Purpose

The aim of this paper is to study, analyze and find solutions as well as give practical viewpoint on internet marketing strategy planning and execution to multi channel direct marketing company. Based on the theoretical findings I will prepare practical in-house case study for Studio Moderna d.o.o. Dormeo brand.

1.4 Outline

This paper consists of six separate chapters where I will try to find solutions, ideas and conclusions to successful internet strategy planning.

In chapter 2 the focus will be on theoretical side of strategy planning. The ideas and small examples of implementations of theories are presented as well. I used mainly e – books, direct URL addresses and internal sources and interviews to gather the needed information for my analyses.

Chapter 3 consists of background information for the case study focusing on Studio Moderna d.o.o. and its Dormeo brand. As source of information I have used several internal sources such as internal presentations by the professionals in Studio Moderna d.o.o. and Studio Moderna Services as well as interviews. Also company website was used to gather basic information about the company and Dormeo brand.

Practical case study, based on discussed theories and gained knowledge can be read in chapter 4. I based my case study purely on my personal ideas on development solutions, observation of the internal business procedures,
interviews from professionals in Studio Moderna d.o.o. and gained information from chapter 2.

In my final chapter (chapter 5) I will present the conclusion to my case study and do overview of possible future ideas.
2 STRATEGY – THE CORE OF ALL MARKETING

As we are viewing the subject from online point of view, naturally also when talking about strategy we will focus on online strategy. Even though the names are different, important question to ask it that “is online strategy different to traditional business or marketing strategy?“.

Bnet.com says that no; “As many of the dot.com pioneers found, the basics of business and marketing do not change. An online strategy will not succeed unless it offers the right products or services to the right target audience.« (http://www.bnet.com/2410-13237_23-168340.html). So same rules apply for both traditional marketing and online marketing, but online strategy offers more options for reaching the market and delivering certain types of product or service. Traditional marketing methods, such as advertising, direct mail and public relations continue to be widely used, but online marketing techniques add a new dimension to the marketing mix.

But why are so many strategies not worth the hours we put in to them? Why is marketing guru Aleš Lisac (2008) saying: “If it is so simple, why do things go wrong?”.(Lisac A. 2008.)

2.1 Building up internet strategy

Key questions in building up successful internet strategy does not only rely on writing fancy words that are not executable in real life and building skyscrapers without sufficient knowledge. The key is to know how to build strategy that is also flexible for the dynamic online environment, has place for constant optimization and real time performance assessment. This is what strategies we make actually are all about. What are the objectives for successful internet strategy and how can we increase customer engagement and naturally sales? How to deliver
needed information to the prospect on the site, who is still not sure is this the right product for him?

2.1.1 Objectives of the strategy

Naturally, as John Reh states in management.about.com article Developing an Internet Strategy for your Company (part 2) states that there’s no consideration needed to move your business to online enviroment unless company can explain solid business purpose for doing so. (Reh J. n.d.). The key is in setting the goals company wants to achieve with the actions. Examples of objectives for strategy, referring to Abrahams’ Stealth Marketing e-book are:

1. increasing the sales;

2. engagement of the customers (such as blogs, social sites, e-newsletters etc ...);

3. lead generation;

4. offering more information, as it is not possible via any other channel and/or

5. finding the target marke t. (Abraham J.L. n.d., 10.)

Example a is probably the most common reason for any kind of activite online or offline, but to reach those objectives one needs many sub objectives to get to the goal. The answer to how will the sales be increased can lie on all the other example objectives above.

But the key to reaching these objectives lies in ability to form correct questions, problems and find the answers to them. Bright Ideas for 2008 (2008) states in introductory that Marketing is solving problems (Bright Ideas for 2008, 2008, 1.) and that it what it is in essence.

What are the tools to engage the customer? It might be offering relevant information about the product on relevant stage of the purchase cycle or even the
triggering information to start this cycle. It could also be providing not directly connected content to certain target group. Lisac stated in his seminar in 2008 that: “Aim of the business is not to make profit, but to get and keep customer” (A.Lisac 2008).

Like Steve Rayna from Powerhomebiz.com (2003) lists the key elements of customer engagement as creating confidence by being trustworthy and keeping customers integrity by treating them fairly. Also the customers should be able to reflect themselves through the product or service creating pride for usage. On the top of the road, as a ultimate goal is passion. This is the point when customer finds particular product or or service irreplaceable and says I love you. (Rayna S. (2003).

When we jump to third possible objective for building internet strategy we find out that generating leads is not as simple as it might look like. Like Abraham states:

"Just getting leads may not be productive. What you really want are qualified ones, ofcourse. Your publicity efforts shoud be directed towards ensuring that you acquire leads with the right potential. " (Abraham J.L. n.d.).

Hrastnik (2008) challenges companies to ask themselves, how much worth is the lead for them? In other words how much are we willing to spend time and resources in converting prospect to a customer. Studio Moderna d.o.o. segments them into four different categories, based on their behavior, source of their activity on Dormeo page as well as the placement in purchase cycle.

1) Current customers are considered most valuable for the company. Aim is to build loyalty eventually leading them to feel passion (see above) towards the brand. Also the fact that company is able to track the customer behavior directly with these leads, makes the efforts put on optimizing and targeting optimal for the company.
2) *Hot prospects* has shown direct interest towards the products we are selling, by ordering online catalog, assigning to specific e-newsletter, assigning to free brand e-book, making direct URL entry etc. We see that converting this prospect to a customer will be most likely to happen, so the worth of this prospect can be higher.

3) *Semi prospects* come from branded prize games or other lead generation campaigns, but due to the nature of the campaign we can not be sure are they interested in a brand per ser.

4) *Low quality prospects* or leads as we call them are from mass media campaigns, like viral prize games that have no relation to brand and products (only objective is to collect leads). (Hrastnik 2008.)

When setting up the objectives for the strategy many companies often get confused. As Sergio Zyman, former head of marketing of Coca Cola stated: “Marketers say they want to raise awareness or increase brand share or grow profits. But they don’t say how much.” (A. Lisac 2008.) What they do not remember that objectives of any campaign should be set clearly and each activities performance should be easily measurable.

### 2.1.2 Customer behavior cycle

Important for internet strategy is also to examine every step of the customer:

- before the sale
- during the sale
after the sale. (Lisac 2008.)

After this part of examination is done, we should take a look at the competitor and make same analyses. Then focus on question: *How can you do a better job at every step?*. (Lisac, 2008)
Now, after variable hypothetical answers to this question we come to the key point of all business:

Then it’s time to get into customers head. Something what marketers offline and online often forget that as a marketer, one is not objective. One knows it product or service way too good to see it with the eyes of consumer.

Marketing experiments, first internet based research lab to conduct experiments in optimizing sales and marketing processes (Marketingexperiments.com 2009) created, in there 2009 edition for Marketing Sherpa annual E-mail summit, formula how to measure *Email Messaging Optimizing Sequence*. From my opinion this formula could be implemented to other areas of internet marketing as well by changing few variables. Due to the general focus of this paper, we will focus only on one part of the formula and see how it is relevant for any kind of activity we do.

![Email Messaging Optimization Sequence](image)

Wherein:
- **eme** = email messaging effectiveness index
- **rv** = relevance to the customer
- **of** = offer value (why)
- **i** = incentive to take action
- **f** = friction elements in process
- **a** = anxiety about entering information

**Figure 2** Email messaging optimization formula. Modified from Professional Certification, 2009 Edition, Marketing Experiments.
As I previously stated, we will only focus on the first part of this formula. In this example “ec” gets value email capture which when viewed closed gets own formula. In this second step formula “eme” gets value Email Messaging

*Effectiveness index* but as we go through formula, you will see that it could be called any marketing effectiveness as well.

In this *effectiveness index* we view 5 different variables individually finding out all the important factors in converting customer to the wished activity (e.g. purchase, lead generation, survey etc.).

1) *Relevance to the customer*

Relevance may be the most important factor when marketing online. If we advertise Pampers diapers on Formula 1 fan site, we most likely will not get great response. Where ever we are or do we need to think what does these people, visiting this particular site or subscribing to this particular e-newsletter want?

2) *Offer value*

As analyzing *offer value* we do not talk about exact end customer offer, but the value we want to perceive in prospects eyes. It is the value we promise the customer to receive, is it then “dry diapers through the whole night” or “amazingly mind blowing experience in Australian GP”, it doesn’t matter. What matters is that even though the actual offer would be -5% of normal value, the actual value of the offer is perceived much higher.

3) *Incentive to take action*

“An appealing element introduced in your email capture process to achieve a desired action”

Exclude high brand value products like Nokia, Coca Cola etc. and think about products that we do not buy only because of the brand status … How often do we then actually take action (again, no matter if it’s purchase, lead generation, prize game, survey etc…) if we do not believe we get something extra? Not too often right? Even big brands use it by offering 2 liters cheaper in relative numbers than
one etc … Is it free e-book, electronical discount coupon or -10% offer, there’s always good to have something to add to the offer value.

4) Friction elements in the process

“Friction – Psychological resistance to a given element in the process”

Friction is something that we marketers usually do not pay enough attention to. In traditional marketing maybe because it’s hard, almost impossible, but even online it gets still to too little notice.

What makes the visitor leave the webstore when already in shopping cart? What makes the prospect finish survey when he already answered 50% of the questions? What makes prospect to first click on a banner to sign in for e-newsletter but then in the end will not? (Marketing experiments 2009.)

All are questions that we are trying to find answers every day. Again by split testing, constant optimizing and controlling of the exit rates and times spend on page.

By split testing I mean A/B or A/B/C or even wider tests when we test different variations of same procedure at the same time. We take the IP address of the visitor (so that one person only sees one option) and we measure the impact of the changes to conversion. Usually this takes, depending on a traffic on site, up to 1-2 months to find accountable results. Examples could be:

a) short versus long survey questionnaire

b) short versus long copy

c) image versus pure text etc …

5) Anxiety about entering information

“Anxiety - Psychological concern stimulated by a given element in the process”
If you think about mitigating anxiety in rational terms you are likely to fall in your efforts. While anxiety often is stimulated by a legitimate concern, its degree/impact is often disproportionate to the measure of risk.

This is why we have to deal with anxiety in two levels:

1) In regards of substance
2) In regards of perception

If we address the substance of anxiety without accounting for the perception of anxiety, we will receive “at best” mixed results. This means in practice, that this fundamental understanding of the psychological aspects of anxiety calls for “over-correction” in the process of taking the action.

More clear examples could be Free Subscription page for e-newsletter that:

a) misses a headline that ties it into value proposition → possibility #1 to loose prospect

b) the form asks information that is not relevant for subscription as such → possibility #2 to loose prospect

c) layout is made so that the visitor does not know that lot of information can be found “below the fold” → possibility #3 to loose prospect

d) graphical elements are call-to-actions are not clear enough to guide the prospect through the process → possibility #4 to loose prospect

All cases are fighting back prospects anxiety to subscribe to free e-newsletter, because the so called “red line” guiding easily and clearly is not established.

Now, after taking into consideration all the five steps of the formula, we can really see that this point of view could be implemented to each activity we do online and we can easily find out the is the activity we are currently analyzing working against or for us.
After researching the customer behavior of the visitor/customer (which is incredibly easy online due to the tracking parameters on every step they take), we need to set a value for the customer.

### 2.1.3 Customer value

Value of customer or prospect should be measured taking into consideration the whole circle of your new strategy (see figure 1) and set the values based on all the components. Only after this the true value of customer can be measured.

![Figure 1. Elements needed to be taken into consideration when calculating the value of customer or prospect.](image-url)
2.2 Campaign planning

After we have set the main objectives, goals and analyzed the customer behavior as well as trying to analyze each step from prospect point of view it is time to take a look one of the most importants but not most simple elements of online marketing; marketing mix.

See, usually when we talk about sending e-mailing or placing banner add, we still think of it as individual marketing activity and project. This shouldn’t be the case anymore. Now even before going to cross channel integrated campaigns we should focus on online campaigns that combine many activities to support the one main campaign.

In appendix 1 (see p.40) we can see example of imaginary Margie’s Travel agency with example for successful campaign mix and structure by Karen Dayan. Not only does it consist of actual e-mail campaign, but it also uses 12 different sub-campaigns to support the main one. All the activities around are following the same creative idea, copy style and main idea as whole.

Campaign mix consist of several sub campaigns in different forms and medias such as conducting of email campaign, being present on portals relevant to business, sending relevant information through e-newsletter series. Also being present in social media is crucial these day, but all in all offline activities should not be forgotten. Naturally also search engine marketing plays a big role in all internet activities these days. (see Appendix 1, p. 41)
Example (see Appendix 1, p.41) by Dayan also shows how important it is to follow basic rules of making online campaign worth doing:

1) Build a marketing campaign that **stands-out**
2) Utilize a **personality** customers can relate to
3) Enable a **variety of avenues** to acquire information
4) Give your customers opportunities for **interaction**
5) Provide a clear **call-to-action** (Dayan K. 2009)
3 CASE STUDY OVERVIEW: DORMEO SLOVENIA

As I am focusing on specific brand on specific market environment in following case study (see p.23) it is important to take a look at the basis on which the case study is build on. In the following the company and brand will be presented as well as overview of current situation for Dormeo internet sales channel.

3.1 Introduction of the company and brand

Studio Moderna

Studio Moderna, claiming to be the biggest direct marketing company in central and Easter Europe, covers 19 countries (Studio Moderna d.o.o. www.studio-moderna.com) and faces endless challenges. Challenges are experienced especially in the field of e-commerce, taking into consideration that Studio Moderna consist of countries from Kosovo to Russia and internet penetration differing from 13% to 64,8% (Internet World Stats 2008).

Studio Moderna covers advertising for several brands of its own, but also marketing solutions and support for external brands or services. Most know Studio Moderna “products” are Topshop DRTV (direct TV) store Topshop and Dormeo mattress, which I will elaborate as a case study for my thesis. (Studio Moderna d.o.o. www.studio-moderna.com)

Dormeo

Dormeo is Slovenia’s most recognizable mattress brand (Readers Digest Slovenia 2008) offering mattresses, pillows, blankets, slatted bed bases, Merino wool products and several life style products (Dormeo International www.dormeo-international.com). Not only presenting the product, Dormeo has been informing the interested public of a comfortable sleep and healthy, comfortable living (Dormeo United Kingdom www.dormeo.co.uk). Knowledge that improves the
quality of sleep and healthy rest has been attentively shared in order to enable each individual with a comfortable choice and a good night’s sleep.

It has been the amount of expertise and Dormeos’ know how, that demanded the absolute quality and the highest of criteria used in the development of Dormeo products with customer friendly price quality ratio. Dormeo has Europe wide logistic system enabling up to 50% cheaper mattresses than Europe’s leading mattress providers.

As Hutar B. states in her Dormeo brand story:

“Stepping forward and thinking innovative kept Dormeo away from metal springs and old technologies. Embracing new ideas, recyclable materials and solutions, led the way to new opportunities, new products and new relationships. Dormeo mattresses with memory foam have opened new horizons for many who can now no longer imagine sleep without the amazing sense of weightlessness. Perfectly adaptive, orthopedically designed, Dormeo sleeping products breathe, alleviate pain and rest our minds.” (Hutar B. 2008)

### 3.2 Pass and current situation

Dormeo sleeping solutions brand was developed in 2001 in Slovenia (manufactured in Italy) as a new product group to fulfill the company’s direct TV advertising portfolio. At start it consist of only 3 different kind of mattresses, but today Dormeo brand has a product portfolio consisting over 70 products, all supporting the slogan “for a good night sleep” and the image has changed from low quality direct TV product to a most trusted mattress brand in Slovenian market (Reader’s Digest Slovenia 2008). This has shown that direct marketing overtakes the traditional advertising methods and create a true brand in small time out of nothing.
4 DORMEO SLOVENIA INTERNET MARKETING STRATEGY PROPOSAL

This chapter focuses on step by step marketing strategy proposal for Dormeo Slovenia from Internet viewpoint and orientation.

4.1 Introduction to the case study

The Internet International's mattress market/Dormeo research, conducted in quarter 2, 2008 in Slovenia by Marko Voncina, at the time Dormeo Internet Project Director, provided the company with an in-depth view of the Slovenian mattress market and Dormeo's competitive position in the market, and outlined several opportunities to further expand Dormeo sales in the country.

Research method used was online survey where visitors where asked to answer several questions considering the purchase behavior when purchasing sleeping related products.

Research was carried out autonomously in 2 months on the websites with highest traffic, such as local search engine Najdii.si. Participants were promised to automatically take part into mattress draw, but the author of the research was only revealed after fully filling in the questionnaire. Appendix 2 contains the questions used in the survey (see Appendix 2 p. 44)

The key basic points given by the research include:

1. The largest share of mattress buyers in Slovenia is primarily considering the Dormeo brand as their next mattress of choice, especially the current owners of the Jogi brand mattresses, which also represent the largest universe of mattress owners in Slovenia. It is consequently essential that Dormeo aggressively approaches this audience, with the intent of facilitating their purchase decision more quickly.
(3) Consumers trust the Dormeo brand more than any other sleep related brand, except for Dollar, which has a completely different target audience than Dormeo and is not in the same target audience market. This needs to be used to not only increase the Dormeo mattress sales, but rather sales of the entire Dormeo product line.

(4) Existing Dormeo mattress owners have a high propensity to upgrade to higher-priced Dormeo mattresses, but they do not know that Dormeo offers those mattresses and they do not have sufficient reasons to upgrade.

(5) Existing Dormeo mattress owners have a high propensity to favorably recommend the Dormeo mattress to their friends and family. (Voncina M. 2008)

### 4.2 DRTV-powered lead generation

**Project overview**

The Dormeo Lead Generation project is intended to utilize all existing channels to generate leads for Dormeo sales facilitation without having to invest in long-form DRTV media time, and instead rather focusing on utilizing small shares of available mass media reach and direct consumer reach to generate leads and then convert those leads into sales using a combination of internet marketing, catalog marketing, direct mail and other means of direct consumer communications.

At the forefront of the project is utilizing short-form DRTV spots, teasers and reminders to generate leads for internet and catalog marketing, for both mattress products and the other Dormeo product portfolio products.
Business Goals

• Increasing sales of a large portfolio of non-DRTV Dormeo products by utilizing a small share of DRTV time and by better utilizing other channels.

• Increasing sales of higher-priced Dormeo mattresses by utilizing a small share of DRTV time and by better utilizing other channels.

• Testing and establishing a DRTV lead generation marketing model, which could allow the company to take better advantage of short-form ad blocks, which are problematic for direct DRTV sales. (Hrastnik R. 2008)

Background Information

The project is addressing three essential challenge areas that Dormeo is facing.

The Dormeo Slovenia Opportunity

As already noted, the SI mattress market/Dormeo research outlined several key opportunities for further expanding Dormeo sales.

First of all consumers in Slovenia have a high propensity to purchase additional sleep-related Dormeo products, but most don't know what Dormeo has available. Also the trust of the Dormeo brand is higher than any other sleep related brand, except for Dollar, which has a completely different target audience than Dormeo and is not in the same target audience market. Consumers in Slovenia have a high propensity to upgrade to higher-priced Dormeo mattresses ... but they do not know that Dormeo offers those mattresses. (Mattress market/Dormeo Reasearch 2008)

This project intends to build on these points, communicating with the target audiences the scope of products available in the Dormeo product line, and driving them online or to the catalog to get more information and make the purchase,
due to limited DRTV (direct response television) time available for additional sales oriented Dormeo spots or infomercials.

4.3 DRTV Internet Reminders, Teasers and Other Formats

In addition to the Dormeo DRTV-Powered Lead Generation project, Slovenia will need to further utilize DRTV time to drive online sales.

![Dormeo sales by channel January 2005 – November 2008](image)


Considering the current trend of Dormeo internet sales in Slovenia, with internet sales surpassing DRTV sales, it is clear that DRTV should be further used to increase internet sales, and thus arguably increase total Dormeo sales. (Hrastnik R. 2009)

The reasoning for this is that at this time, internet sales are growing constantly without aggressive DRTV support, with the internet being only moderately promoted through the existing DRTV Dormeo formats. However, according to my belief, DRTV has reached a pinnacle of its sales volume (without increasing the
number of minutes per month used for Dormeo), which will be subject to constant sales cycles, but will not increase much further without a bigger change in Dormeo strategy. At the same time, I believe that by further using DRTV time to boost internet sales, company will be able to reach new Dormeo customers and therefore increase total Dormeo sales without having a negative impact on DRTV sales.

To achieve this purpose I recommend starting with more aggressive DRTV/internet integration, as follows:

<table>
<thead>
<tr>
<th>Format</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reminder</td>
<td>Internet reminders to be added to all Dormeo DRTV infomercials and spots.</td>
</tr>
<tr>
<td>Pop-ups</td>
<td>Internet pop-ups to be added to all Dormeo DRTV infomercials.</td>
</tr>
<tr>
<td>Infomercials</td>
<td>Modifying infomercials to further expose online purchasing, by adding (a) testimonials of customers who have purchased Dormeo online, (b) further exposing the domain name in un-used but available screen locations, (c) content inserts explaining that more Dormeo products are available online and (d) internet screen capture inserts demonstrating online shopping and the safety of online shopping.</td>
</tr>
<tr>
<td>Teasers</td>
<td>Teasers to be used in available “filler” time slots, not related with the Dormeo infomercials and spots.</td>
</tr>
</tbody>
</table>

Table 1 Recommended formats to increase the DRTV/internet integration and drive traffic to Dormeo webstore. Skrt R. 2008.

This approach also involves testing different content approaches, related with these formats. For example special time-limited offers for (a) non-DRTV products, (b) the extended online product portfolio and (c) product packages can be introduced as well as exposing value-added online content, such as whitepapers, articles & tips and shopping guides.
Promotion of the online viral games in DRTV is from my point of view vital to improving lead generation campaign performance; therefore teasers should be regularly placed on popular time slots.

4.4 Internet Only Projects

4.4.1 E-mail Address Lead Generation

E-mail address lead generation should continue being the focus of Dormeo online, aimed at further increasing the e-mail database and therefore the pool of prospects for long-term customer conversion.

These activities will include:

New Viral Campaign Approaches

The bedroom viral will invite visitors to submit their bedroom photos, and then have other visitors vote for the best one. The viral element will involve both the photo submitters inviting their friends and the voters inviting their own friends as well, with both types of participant being eligible to win one of the two big prize game prizes: bedrooms.

An e-book database (lifestyle, sleeping and wellness e-books) shall be created, with access available only for those that participate in the prize game. Participants will be granted access to a fixed number of e-books based on the number of points they accumulate during the prize game, by recommending the prize game to their friends. At the center for this campaign will be the Dormeo sleeping whitepaper, designed to gradually convert readers into Dormeo customers, also in combination with a strong e-mail follow-up process.

Interact Dormeo prize goal should be to facilitate web store interaction, and awarding points for specific interaction activities, as well as for inviting friends to participate.
Share Your Story campaign concept is similar to »The Bedroom Viral« and »Shoot Your Own Dormeo Video«, only that participants will be asked to share their sleeping and related stories, either in video, photo or text.

E-mail Capture Banners

E-mail capture banners, made to directly capture the prospect's e-mail address through external media advertising, will be tested extensively. The e-mail capture offers to be tested include:

- Dormeo e-newsletter
- Dormeo Info Pack / Catalog
- Free e-book access
- Discount coupon

Co-Registration

Also to be tested is the co-registration concept:

Co-registration is the act of allowing new subscribers to opt in to subscribe to a newsletter, subscribe to an ezine, or simply to receive more information from a company while at the same time subscribing to another complementary company's list.

Examples of this would be when someone subscribes for a free ebook on how to start a new online business from home while at the same time subscribing to a newsletter that is sent out monthly with tips on the best home based business software. The benefit of the co-registration process is that the subscribers are already highly targeted and interested in what is being offered. This is makes the quality of the co-registration lead much higher than a normal lead because studies have shown that up to eighty percent of those subscribing to one offer will also subscribe to the other offer. (Neyyessy A. 2008)
The co-registration offers should include free Dormeo e-newsletter, Dormeo Info Pack/ Catalog, free e-book access and discount coupon.

4.4.2 Other Online Promotions

Search engine optimization projects

SEO (search engine optimization) has so far been left relatively neglected and therefore must be more focused in the future. While the basic Dormeo webstore is rather well-optimized, further optimization efforts will include:

- **Mini-sites on new domains**
  Mini-sites will be created on new domains, targeting specific Dormeo related keywords, such as:
  - Mattress
  - Pillow
  - Bed cover
  - Sleeping
  - …

- **Increased inbound linking**
  In order to increase search engine rankings, Studio Moderna will need to undergo a wider inbound linking campaign, utilizing other online media and also trying to utilize online bloggers and communities. (Hrastnik. R 2008.)

Search engine marketing projects

SEM (search engine marketing) is currently one of the strongest Dormeo internet promotional channels, but more actions should be taken to secure the growth:
With *Keyword expansion* Dormeo should breach out to additional non-direct product keywords, related to Dormeo on-site articles and other content, intended to reach new audiences. (Hrastnik R. 2008.)

The SEM competitor piggy-backing strategy has already started, but with mixed success. The key issue is that customers looking for other mattress brands do not tend to purchase Dormeo, even if they click on Dormeo SEM ads. Therefore, this strategy will need to be addressed again, leading people to mattress shopping guides and whitepapers instead of the base Dormeo site, and then using this content to achieve the sales conversion.

**CPC Banner Advertising**

Testing less click-inviting banner brand ads using the CPC (cost-per-click) model should be tested more aggressively for branding purposes. Also the focus should be more on lead generation activities instead of sales, as this far the CPC model used for sales orientation haven’t proofed profitable. (Skr R. 2008.)

Also testing advertisement of smaller value impulse purchase products, such as pillows and bath program products. Content helping in each stage of mattress buying cycle shall be tested.

**Content Syndication**

Content syndication has so far more or less been ignored for Dormeo internet promotions, mostly due to constant focus on maximizing current sales growth. (Hrastnik R. 2009) For the future, though, since brand and gradual long-term conversion are becoming more important, content syndication will need to be established as a project on its own.

Essentially, content syndication is the process of distributing one brand's content to other websites and e-mail newsletters in various forms. This content may include:

- Sleeping-related articles, tips and videos
• Sleeping products buying guides (articles, videos)
• Lifestyle / practical life related articles, tips and videos
• Entertaining viral videos and other related content

This project is to be implemented in several ways:

• Direct distribution of content to hand-picked content partners
• Making content easily available for re-publication directly from the Dormeo webstore
• Making content re-publishing easy through various content syndication RSS feeds and RSS feed content display tools

**Dormeo Social Site**

Hrastnik states in 2009 that as Dormeo is a considered purchase, with usually a longer purchase process, it is also critical on the long-term to engage prospects and customers with non-sales oriented communications and actually engage them with the brand beyond the immediate purchase goal. (Hrastnik R. 2009)

*Dormeo Social Site* will serve multiple purposes such as as a new internet promotional channel, designed to deliver prospects to the Dormeo webstore, when they are ready for the purchase, but not focusing them on the purchase decision while they are not yet ready for it.

Social site should also gradually, on the long-term, conver prospects into customers, especially those that either right now are not interested in a mattress purchase, don't understand or feel the need for a new sleeping product purchase, or have negative predispositions against Dormeo

Social sites task is also to integrate the Dormeo brand with online communities and bloggers, who would feel reluctant to engage online with a purely sales oriented website. In addition also building relationship with these not so
interested prospects before their actual need for a new mattress purchase or before they have decided to purchase from Dormeo brand is vital for company in getting chance to communicate and convert these prospects.

Naturally this site should further promote Dormeo brand on the market and engage prospect in direct communication with the Dormeo brand. This communication should be implemented by offering prospects content beyond pure sleeping, entering more the full »Body & Mind Regeneration« genre.

All of this requires setting-up a new website, both for the reason of engaging prospects without direct sales intentions, and for the reason of not polluting the Dormeo webstore with non-sales content, as it is also still clear that the Dormeo webstore still needs to remain primarily a webstore, focused on generating sales.

Therefore, to reach these goals, a new Dormeo social site will be established, focused on the topic of »Body & Mind Regeneration«, but aimed at facilitating Dormeo online sales. Essentially, this website should be a combination of the online community, corporate blog, content site and interaction site.

Examples of such approaches include:

- [http://www.go-design.si/](http://www.go-design.si/)
- [http://direct2dell.com/](http://direct2dell.com/)
- [http://www.dell.com/community/](http://www.dell.com/community/)

### 4.5 Dormeo Webstore Upgrades

#### Essential Design and Structure Upgrades

Several webstore sections should be aggressively tested and then optimized in several phases.
• **Phase #1: Initial Testing**
  Initial testing will include testing design and structure upgrades to the home page, category pages, product pages, sales process pages and content pages, all with the single intent of increasing conversion and sales.

• **Phase #2: Persuasive Architecture**
  After the initial round of testing and optimization has been concluded, getting all that is possible from the existing optimization approach, Studio Moderna should implement a new optimization approach, developed by the Eisenberg brothers, called *Persuasive Architecture®*, which is based on customer personas and psychology. (Eisenberg & Eisenberg & Quarto-vonTivadar 2008.)

• **Phase #3: New Webstore**
  In the final phase, and based on all the new findings, a new Dormeo webstore should be launched.

**Online Content Development**

The Dormeo webstore content should be further developed with more focus on practical shopping guides, developed for different purchase process stages. These guides should be carefully thought to find out what information exactly does the prospect need/want in each of the purchase process stages.

In addition to this improvement all the product categories should have comparison charts again for each purchase process stage.

**Webstore Features**

Several additional features are to be added to the webstore:

• Customer registration / log-in (non-obligatory → automatic)

• Order tracking and order history

• Recommend-a-friend (products, content)
• Product and content comments
• Product rankings
• Product selection configurators [example: http://www.gifts.com/finder]
• Non-standard mattress measure price configurators
• Etc.

4.6 Dormeo E-mail Strategy

While the Dormeo e-mail strategy has been very successful so far, there are still many opportunities to take advantage of and many e-mail projects to be further developed.

Dormeo E-newsletter

Rok Hrastnik, Studio moderna d.o.o. International Internet Director states in 2009 interview that Dormeo e-newsletter needs to be upgraded and become a real online magazine to reach the next level of customer engagement.

*Exclusive interviews* with celebrities, Dormeo testimonials, wellness experts etc. should added as regular topics list as well as *experts tips, advices and consultancy* to bring the credibility towards the sales message.

*Online video of the week* wouldn’t necessarily need to be topic related to sleeping, but with the database segmentation we could find interesting content for both genders.

*Also blog and editorial* should be implemented as regular part of the e-newsletter giving it a upgrade to the level of every self-respecting webstore.

Transactional E-mail Messaging
Transactional e-mail messaging will need to be further optimized in 2008, focusing on increasing transactional messages sales by optimizing content, offers and adding follow-up messages to existing transactional messages.

**Advanced E-mail Program**

Finally, when possible, an advanced e-mail program needs to be implemented, tailoring e-mail communications to each individual based on e-mail source, e-mail interaction and transactions.

**Database segmentation**

Dormeo Slovenia should heavily focus on database segmentation. Currently Dormeo database is segmented by gender and mattress buyers (Mlakar Š. 2009), but recommendable is to further develop the segmentation strategy.

On top of the existing segmentation, focus should be in previous purchase behavior. For example if customer has purchased one of the Dormeo mattresses in previous year, we would not offer the same product to him/her, but focus on "fulfilling customers sleeping quality" by offering pillows, blankets etc ... Another option for test is to offer upgrade mattress, but this segmentation should be done only after couple of years after purchase.

Naturally segmentation for other products should be done as well based on purchase behavior, but the focus should be on mattresses, due to the fact that they are the core of Dormeo product range as well as the best selling products. (Hutar B. 2008.)

**4.7 Other Dormeo Optimization Activities**
In addition to internet related activities, I also suggest test on *Mattress Removal* to be offered as a special offer for first time buyers. This removing the old mattresses would bring pleasant first time experience for the customer as well as possibly trigger the purchase decision. This conclusion I based on the fact that normally removing the old mattress can be found difficult due to the transportation problems to landfill or ecological destructions is not possible.

I also do recommend *Extended Free Home Trial* to be tested instead of the existing 30 day satisfaction money-back guarantee home trial. Test could be conducted online only, for a small sample of internet customers and would include the following:

a) 60-day free home trial for any mattress purchase
b) 90-day free home trial for any mattress + pillow + slatted bed base purchase.
5 CONCLUSION

The thesis focused on analysing and finding solutions for building an executable and profitable Internet strategy. Making functional and credible strategy is not easy. In the document above I have been trying to answer the following questions and implement the learned knowledge to hypothetical case study:

1. What are its objectives in making and executing the strategy?
2. What all is needed to be taken into consideration in strategy planning?
3. How does the strategy need to be, even from one channel point of view to:
   a) serve the channel specifics and
   b) still serve the overall company and brand performance goals?

I used interviews from internet marketing experts, direct online sources and observations as methods for the analyses.

The thesis gives a deeper look into strategy building structure starting from the definition of the objectives of the strategy, which may include increasing the profit, customer oriented approach, or targeting the right audience.

After the objectives have been set, the whole marketing process should be examined from the point of view of customer buying behaviour considering the steps before the decision to buy, at the moment of purchase, and after the purchase.

The next important factor in strategy building is defining the customer value or prospective customer value. Not only should the direct profit should be viewed but the whole cycle should be taken into consideration.

After all the grounds for performance assessment have been set, it is time to focus on the practical part of the strategy, the so called action plan. The individual
campaigns should not be considered as separate units but each sub campaign should be integrated with the main campaign.

Finally, the thesis focuses on a hypothetical case study for Dormeo Sleep brand including all the steps in the strategy with the intended action.

The planning and implementation of an Internet strategy is based on a clear structure of the objectives and a clear definition of performance assessment. Different elements of Internet marketing should not be considered different campaigns but an integrated whole. The actual strategy should be flexible and leave room for optimization and constant performance measurement. Nor should the other channels in a company using multi-channel marketing be forgotten. The main focus should be on making profit for the company as a whole.
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APPENDICES

Appendix 1: Imaginary example of Margie’s Travel agency

Source: Dayan K. (2009). *Kindle Marketing Strategies* Presentation on Marketing Sherpa E-mail summit ’09

E-mail campaign

![E-mail campaign image]

On portal
E-newsletter series
Social Media
Grassroots and off-line

This part should be leveraged as event content and marketing by exploring relevant off-line viral opportunities. Also important is to remember not to underestimate the value of PR.

Search

[Image of search results]
Appendix 2: Mattress market/Dormeo research question structure


1. Are you the person who makes or helps to make the decisions about important new buys (for example, those concerning apartment furnishings)?

Yes/No

2. When you think about a mattress, which brand comes to mind first?

3. What type of mattress do you personally use?

- Brand 1
- Brand 2
- Brand 3
- ...
- I don’t remember
- other brand (write which one)___________

4. Which of the following brands of mattresses have you heard of?

- Brand 1
- Brand 2
- Brand 3
- ...
- I don’t remember
- other brand (write which one)___________

5. To which of these brands would you ascribe the following characteristics? (You can choose any number of characteristics for each brand.)

Cheap
Expensive
Suitable replacement for a more expensive brand  
Best on the market  
Most recognizable brand  
Widely available  
Annoying because of too much advertising  
Good quality  
Technologically perfected  
Questionable quality  
Modern  
Follows trends  
Comfortable  
Trustworthy  
Suitable for the whole family  
Would want your loved ones to have it  
Would never buy it  

6. How would you describe the person that uses a specific mattress? (You can choose any number of characteristics for each brand.)

Shops over the internet  
Buys things from infomercials  
Prefers shopping at regular shops  
Choosy  
Cares about brand recognition  
Price is irrelevant  
The best they can afford  
Shops thoughtfully  
Above-average income  
Doesn’t earn enough  
Old-fashioned  
Trendy  
Cares about health issues  
Not particular about quality of sleep  
Buys Poland products  
Buys for life-long use  

7. How much would you be willing to spend on a specific brand of mattress? Take into account the standard measures 90x200.
8. Please focus on the mattress you are currently using and quantify your agreement with the below statements. (Give marks from 1 to 7, 1 expressing complete disagreement, and 7 complete agreement with the statement.)

The price matches the quality
I think the product is worth more than I paid for it
I will go with a different brand next time
I would recommend it to friends
I would not trade it for a different product
I would buy other products, connected with sleep, from the same supplier
The best I can afford
The product wholly matches my needs
My difficulties with sleeping have disappeared
If I could afford it, I would buy a better and more expensive product from the same supplier.

9. What were your main reasons for buying the product? (Give marks from 1 to 7, 1 expressing complete disagreement, and 7 complete agreement with the statement.)

The best possible product for that price
It was recommended by a friend
The television advertisement was convincing
Simple upkeep
Because I did not have to go from shop to shop
To solve my health issues
I bought it with the bed
I bought the first one that came to mind
I like splurging on nice things
The salesperson at the shop convinced me
It was delivered to my home
It was available over the internet
The assurance of its life span
Because I have trouble sleeping
I got it as a gift
Because it means a lot to me to own a recognizable product
Affordable payment arrangements
It was possible to order it over the phone

10. If you could tell us, how many members are there in your household?

I live alone … More than 5
11. How many beds in your household are equipped with mattresses?

12. When was the last time you bought or received a mattress, on which the majority of the members of your household sleeps?

Within the last month
Within the last six months
Within the last year
More than a year ago
More than two years ago
More than five years ago
I don’t remember

13. In your opinion, how long is the life span of a mattress?

2-3 years
4-5 years
5-10 years
More than 10 years

14. When do you intend to replace your current mattress?

Within the next month
Within the next six months
Within the next year
Within the next two years
Not for at least five years
I haven’t thought about it

15. Considering your finances, which of the following mattresses would you choose? (You can pick more than one brand.)

16. Considering your personal preferences, which of the following mattresses would you choose? (You can pick more than one brand.)

17. Considering recommendations from friends, which of the following mattresses would you choose? (You can pick more than one brand.)
18. Considering quality, which of the following mattresses would you choose? (You can pick more than one brand.)

19. Considering product recognition, which product would you use? (You can pick more than one brand.)

20. Considering brand recognition, which product would you choose? (You can pick more than one brand.)

21. Considering the life span of the product, which mattress would you choose? (You can pick more than one brand.)

22. Considering the accessibility of the product (shop location, internet or telephone orders), which mattress would you choose? (You can pick more than one brand.)

23. Considering the variety of products on offer, which mattress would you choose? (You can pick more than one brand.)

24. Considering the characteristics of the product, which mattress would you choose? (You can pick more than one brand.)

25. Considering the services provided by the seller, which mattress would you choose? (You can pick more than one brand.)

26. Considering your trust for a particular brand, which mattress would you choose? (You can pick more than one brand.)

27. It is necessary to pick only one. Choose the one you would most likely buy at this moment.

28. Where would you prefer to buy a mattress?
At regular shop
Over the internet
By phone
By post

29. If you were shopping for a new mattress at this time, which characteristics would you take into account the most? (You can pick more than one brand)

Important More important The most important

Price
The choice of preferred hardness
Brand (recognition of the product)
Appropriate for children
Made of natural materials
Made of man and environment-friendly materials
Made of latex
Includes wire springs
Made from polyurethane foam
The product includes a layer of high elasticity memory foam
Includes biological materials, such as coconut or corn fibres

Comfort
The product allows good air-ventilation
It relaxes the backbone
Eases discomfort in the spine, neck and hips
Completely adjust to your body. During sleep, the body relaxes and regenerates.
Protected against mites, fungus and bacteria
Includes a biomagnetic field
Regulates heat (warm in the winter, cool in the summer)
Has a summer and winter side
Is antistatic
Has a massage effect
Is washable
Quality guaranteed for over 10 years
I can text the product and return it if unsatisfied
The product is delivered to my home
The possibility of paying in installments
Is made to measure

30. When is price irrelevant to you? (Give marks from 1 to 7, 1 expressing complete disagreement, and 7 complete agreement with the statement.)

When it is a question of health
When it is a question of comfort
When a brand new product is concerned
When the quality of sleep is concerned
When your loved ones are concerned

31. What price would be so low as to lead you to question the quality of the product? Take into account the standard measures 90x200.

32. At what price would you buy a mattress without giving it further thought? Take into account the standard measures 90x200.

33. At what price would you find a mattress too expensive and would certainly not buy it? Take into account the standard measures 90x200.

34. How much is the top limit on the amount of money you would be prepared to spend on a new mattress? Take into account the standard measures 90x200.

35. You have said that you would be prepared to pay up to ____ euros for a new mattress. Which brands of mattresses did you have in mind?

36. You have said that you would be prepared to pay up to ________ euros for a new mattress. What if there was a possibility of paying in installments – by how much would you be prepared to increase your amount and buy a more expensive product?

37. Before you finally made your decision and bought a new mattress, what are the things you would do? (You can pick more than one option.)

I would confer with friends
I would inspect the product at the shop
I would look up all the information on the internet
I would telephone a consultant in the company of the seller and ask for a presentation
I would pay more attention to advertisements
I would see what the market has to offer
My current knowledge of the product would suffice

38. We are almost at the end. For the purposes of our analysis, we need your demographical information.

Gender
Man
Woman

39. Please select your year of birth.

40. What is your level of education?

Primary school
Secondary school
I don't want to say

41. What is your current status?

Primary school student
Secondary school student
University student
Employed
Unemployed
Retired
Housewife
I don't want to say

42. Please tell us the approximate monthly income of your household (take into account the income of all the people that contribute to the joint budget)

Less than xxx (currency)
...
More than xxx (currency)
I don't want to say

43. Which region do you live in?
Selection of local regions