



MANAGEMENT IN VIRTUAL ENVIRONMENTS

CASE STUDIES

EDITOR

GRZEGORZ MAZUREK



KOZMINSKI UNIVERSITY

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Preface

For the last two decades, virtuality and virtualization processes, understood through the transformation of an organization's activities, resources and competences resulting from ICT influence on the company and consumers, have been considered as developing phenomena in management studies, particularly within the context of the creation of inter- and intra-organizational networks, engaging customers into value creation processes and the appreciation of intangible assets in management and marketing.

The following publication consists of 12 case studies, which encompass various aspects of the ICT impact on contemporary businesses, focusing – among other things – on such concepts as: crowdsourcing, the internet of things, design thinking, digital entertainment, e-commerce, online and off-line distribution or social media marketing.

The first case study presents a strategic change of business model used in entertainment industry caused by service oriented economy and virtualization of various products – video games, music, books, etc. The text thoroughly describes the example of Polish – cdp.pl portal – digital platform – providing on-line direct sales of PC games, e-books and web-comics. The project of mixing the digital offer and selling it directly online was patterned on the world's best digital platforms, such as *Applestore*. Therefore, the cdp.pl portal is perceived as strategic value for the company and the key success asset when it comes to further development of the whole enterprise.

Very interesting exemplification of complex promotional activities on-line can be found in the case study “In Search of New Customers”, where the company's main challenge is to increase the sales via Internet

distribution channels which can be achieved by – among other things – the usage of social media, including blog, direct contact with publishers (vertical integration) or changes in customer decision making and purchase patterns.

The case study: “In Search of New Distribution Channels” shows that combining the online and offline activities in distribution networks or channels can create a unique value as well as business opportunities. In that particular case, the emerging power of discount stores has been smartly incorporated in the sales strategy of cdp.pl on-line platform and its products. The case presents a unique business solution where traditional “brick and mortar” environment can boost the sales of digital entertainment.

Another case – “A Mine You Don’t Know” identifies the growing importance of online brand presence in creating not only a positive image of the organization, but also acquiring new clients. The case study deals with the concept of an interactive website, influenced by the Web 2.0 concept. More specifically, the website dedicated to the promotion of the most famous salt mine in Europe – Wieliczka.

Along with the development of more interactive solutions in the communication mechanisms used by organizations, more and more focus is placed on the practical usage of customer engagement models and social media marketing platforms. Examples of such new directions in marketing activities can be found in the next two case studies.

The “Bank of Ideas BZWBK” case study explains the phenomena of crowdsourcing and the open innovation model implemented in the banking industry, where thousands of bank clients engage in the processes of banking services improvement and new product development.

A very important aspect of networked value creation can be found within B2B relationships. This matter is discussed in the case study “Partner Program – Extranet 2.0”, where the multidimensional impact of business partners on the decision-making process, the creation of new products as well as sales support is elucidated. This case study also indicates how to skillfully implement ICT tools in order to simultaneously create the possibility to build a relationship with partners, acquire valuable knowledge and reduce the operational costs of such platforms and loyalty programs.

The usage of transmedia storytelling, defined as a technique of telling a single story or story-related experience across multiple platforms and formats using current digital technologies is an extremely interest-

ing topic in the field of modern business and marketing communication. This subject matter is discussed in the case study: “Prometheus – A Transmedia Campaign”, based on the market entry of the well-known science fiction blockbuster.

The case study “The Melon App, Quantified Self, and the Internet of Things” discusses a topic that seems to be the harbinger and example of introducing disruptive innovative technologies of wearables and the implementation of the “Internet of Things” concept. This case study also mentions the ethical and legal aspects – as it refers to the issue of the commercialization of new areas of human life and related issues, such as privacy and the protection of personal data.

One of the key potentials of the virtual environment is the one associated with its transaction function. E-commerce does not only allow for increased sales and expanding markets, but it often also transforms existing models and ways of functioning of companies. This matter is discussed in the following case studies: “Changes in the Online Store Vobis.pl”, “TIM SA: E-Commerce in B2B”.

An extremely interesting area of present-day creation of new business solutions is design thinking, i.e. designing solutions based on consumer needs. This matter is discussed in the last two case studies. The first one is about redesigning the process of providing services in the Polish Patent Office in Warsaw. The second one describes the implementation of a strategy based on design thinking in the company Play.

We would like to express our gratitude to the organizations that allowed us to make use of their experiences and we hope that the material presented in this publication will be successfully used in classes and will also stimulate a broader discussion on the multidimensional impact of information and communication technologies on the modern management of organizations. It can especially influence further research on the relationship between marketing virtualization and company performance, showing the real impact of such processes on the effectiveness and efficiency of companies.

It is worth mentioning that this book has been elaborated to be used as teaching material, as part of the unique two-year MSc Program – Management in Virtual Environments, offered by Kozminski University, Warsaw, Poland. The program is aimed at preparing “digitally native” students for the role of managers and specialists ready to take advantage of the Internet and network technologies in creating the competitive advantage of an enterprise. The greatest value of the program is provid-

ing students with a mix of top-quality managerial courses, with specialized courses related to the impact of the Internet and technology on contemporary management.

Management in Virtual Environments program is a response to the growing market demand for professionals who are proficient in operating in cyberspace and who are able to exploit its potential for the strategic development of the organization. After completing the study program, students demonstrate high competencies in the management of an organization using the potential of the Internet and cyberspace. More information about the study program and the admission criteria can be found on the website: www.emanagement.kozminski.edu.pl

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cdp.pl – Towards Online Distribution

Introduction

Cdp.pl (formerly CD Projekt) was the most titled and the most recognized distributor of console and PC games in Poland. Since its foundation in 1994, the company had been actively operating in the Polish market. In 2009 the company launched the distribution of DVD/Blu-ray movies, which started the process of extending its portfolio. In 2012 cdp.pl launched the distribution of collectible card games and board games. In addition, the company operated the cdp.pl portal – a digital platform where it provided direct sales of PC games, e-books and web-comics. The project of mixing the digital offer and selling it directly online was patterned on the world's best digital platforms, such as *Applestore*. Therefore, the cdp.pl portal was perceived as strategic value for the company and the key success asset when it comes to further development of the enterprise.

“The major issue that the company was facing was the fact that physical distribution in our case was coming to an end as a business line. We observed that our clients move their purchases to the Internet. Our clients are young people. For instance, they move quite often from one city to another, so they don't need those games on their shelf. But they need them in the cloud or on the Internet. Furthermore, we could observe a gradual move of customers towards VOD at the expense of physical

distribution. Many clients used Internet for watching movies. There is a relatively high degree of piracy in case of this category. So as a company whose major income, nearly 100%, was coming from physical distribution, we saw that our business and our life expectancy might come to an end within 2 or 3 years. We were unable to reach the turnover of physical distribution in a short time, but digital sales have higher margins. In addition, years of experience in physical distribution taught us that logistics is the most problematic. Digital distribution eliminated this completely.”
 – Michał Gembicki, Managing Director of cdp.pl



Focusing on constantly extending of its offer, cdp.pl planned to launch a new category in digital distribution – movies – which would further increase the value and attractiveness of the platform offering products of different categories of digital entertainment. However, the movie category differed significantly from games.

“The film industry is much more ingrained than the gaming sector. It is based on different rules. Payment methods differ... and the customers are different. And bigger money is played TV, VOD services... those are different categories. In addition, there is cinema, where the biggest income comes from. It is complicated, the industry is ingrained and for its customers the digital world is a world of piracy. The sale of movies is much more complicated because it is difficult to explain – ‘dear client, pay PLN 20 for a service or product that you can download for free but in better quality’.” (Dariusz Nazim, E-commerce Director at cdp.pl).

The company also had concerns about long-term planning and further virtualization of its offer – simply speaking – what other product categories should be offered on cdp.pl?

Background – the company

cdp.pl (formerly CD Projekt) was founded in May 1994 by Marcin Iwiński and Michał Kiciński. The main goal of the commenced business was to supply the Polish market with digital games and educational software on CDs.

Between May and October 1994 the company was in the initial development stage. The entire software offer was based on products imported from the USA. In the first three months of 1995 the sales rates of the company increased. The interest in multimedia products in the domestic market had visibly grown. In April 1995, the company established its first contacts with European game producers during the ECTS Spring fairs. In October, CD Projekt signed a contract with Blizzard Entertainment and became the exclusive distributor of the *Warcraft II* game and other products of that company to be released in the future.

As the sales rates were increasing and the market of multimedia products was growing, in 1996 the company started its reorganization. In March the staff was expanded with 11 people. Moreover, the company decided that all products should be published in Polish boxes. Nearly a year later, the company made the decision on full localization of its crucial products – apart from translating manuals and game boxes, published games were translated into Polish. Shortly afterwards, shops offered professionally localized products, fully adjusted to the Polish reality and the needs of Polish clients.

The sales rates broke new records, which allowed for maintaining the dynamic pace of company development. In 2000 the (annual) sales rates of CD Projekt doubled again.

One of the most important events in the history of the company was the opening of the department for digital games for children in 2001. So far, the offer for the youngest users was small, but CD Projekt decided to change that. This task was managed by the company very carefully – only the best games were selected. It was decided that products for children should be free from violence, contain educational elements and obviously deliver fun. Very soon, the offer of games for children was extended as a result of a contract concluded with the Disney Company.

Another change happened in February 2002 – CD Projekt Red was launched – a new unit specialized in developing PC games. The studio

produced RPG games based on Andrzej Sapkowski's¹ books. In March 2002, the company launched the distribution of digital games for PlayStation, PlayStation2 and Gameboy Advance users.

In 2004 the company strengthened its leading position in the computer games market – cooperation with other renowned market players was established – among others SEGA and THQ. In 2005 the company was constantly developing while the RED Studio was intensively working on the game *The Witcher*. The team was staffed with graphic designers, designers, software developers; the works on the game accelerated.

2007 was a ground-breaking year for the company. *The Witcher* premiered on the 26th of October. Five years of persistent work of over 100 people and a budget of nearly PLN 28 mln (approx. 7 million EUR) brought about a sensational result. *The Witcher* was declared the biggest event of the year and gained over 100 awards inland and abroad. The constant development of the CD Projekt group was recognized by the Polish business elites. Michał Kiciński and Marcin Iwiński were nominated for the prestigious Ernst & Young Entrepreneur of the Year Award.

In March 2010, the game “*The Witcher 2: Assassins of Kings*” was officially announced for the first time. The official premiere of the game took place on May 17th, 2011. Shortly after its premiere, the game received great reviews in the world's media. *The Witcher* and *The Witcher 2* are perceived as the flagships of CD Projekt – building a great image in the global digital games market and generating profit for the company.

During a conference in London in June 2011, CD Projekt was awarded by The Walt Disney Company with the Central Eastern Europe Licensee of The Year 2010 title, which is granted to licensees who pursue their business goals in the most effective manner.

Portfolio (physical distribution)

In the physical distribution channel, cdp.pl offered three product categories.

Games – cdp.pl was the exclusive distributor of games (Appendix 1), among others, of the companies Blizzard, Disney, SEGA, NC Soft, which resulted in the distribution of such cult titles as *Diablo I, II and III*, *Guild*

¹ Andrzej Sapkowski, born 21 June 1948 in Łódź, is a Polish fantasy writer. He is best known for his best-selling book series “The Witcher”.

Wars 2 or the *Total War* series. The bestseller in 2012 was the game of the company Blizzard *Diablo III* – the offices sold over 103,000 items.

Movies – cdp.pl was the exclusive distributor of Disney movies on DVD/BD/BD3D, including the blockbusters *Brave* – 27,200 items sold by the offices, or *The Avengers* – 17,150 items sold, as well as the timeless tales from the series *The Walt Disney Treasures*. In 2012 the company extended its offer with the REBEL movie series. This series was an attempt to build an offer in the segment of demanding viewers who are seeking more sophisticated entertainment.

Card and Board Games – cdp.pl had been distributing the products of the HASBRO Group's company *Wizards of the Coast* including the world's most popular collectible card game *Magic: the Gathering*, and board games of the series *Dungeons & Dragons* or *Axis & Allies*.

As far as physical distribution is concerned, in 2011 the company reached 3rd place in the market of digital games with a market share of 16%; 3rd place in the movies sector with a market share of 13%; and 1st place in the card games market with an outstanding result of 40% market share.

Table 1. Market shares in physical distribution

Digital games market	DVD/BD market	Card games market
<ol style="list-style-type: none"> 1. Electronic Arts 29% 2. Cenega 16% 3. CD Projekt 16% 4. UbiSoft 10% 5. SONY10% 6. LEM 9% 7. Techland 3% 8. Others 7% (IQ Publishing, City Interactive, Aiden Media, Egmont etc.) 	<ol style="list-style-type: none"> 1. Imperial 21% 2. Galapagos 16% 3. CD Projekt 13% 4. TiM 12% 5. Monolith 10% 6. Best Film 6% 7. TVP 4% 8. Kino Świat 3,5% 9. Others 15% 	<ol style="list-style-type: none"> 1. CD Projekt 40% 2. Galakta 25% 3. BARD 10% 4. Kuźnia Gier 8% 5. ISA 5% 6. Others 12%

Strategic shift

In September 2012, CD Projekt Sp. z o.o. changed its name to cdp.pl Sp. z o.o. This change was one of the critical elements of the strategy aiming at modernizing the business model. A year later, cdp.pl launched a digital distribution platform offering its clients a fast and convenient way of purchasing games online (Appendix 3).

“This change is an extremely important moment in the history of our company. We have been a synonym of quality, perfect technical service and attractive prices of the offered products. Now, we extend our operations with Internet and digital distribution. The change of our brand proves our strong faith in a digital future.” – Michał Gembicki, Managing Director of cdp.pl.

Already within the first two months of its operation the portfolio of games offered by the platform increased from 34 to 100 titles. In December 2012, cdp.pl signed a contract for the digital distribution of games in Poland with The Walt Disney Company.

“The cooperation between cdp.pl and The Walt Disney Company in terms of digital distribution is the result of a model partnership which has been lasting for more than 10 years. By extending this cooperation we could reach the players and fans of the fabulous world of Walt Disney faster. Our platform will offer high-quality games of favorite series, such as: the racing game for children Cars Toon: Mater’s Tall Tales, the action game Toy Story 3, the action game with Phineas and Ferb, or the cult platform game LEGO Pirates of the Caribbean” – Michał Gembicki, Managing Director of cdp.pl.

The first year of operation of the portal was also aimed at monitoring trends – clients’ product preferences, the most effective registration paths and payment methods, the effectiveness of marketing actions and the acceptability of the offered price ranges.

Internet – migration to the network, new product category

The digital platform cdp.pl aimed at providing Polish clients with digital games at the best prices and in the most attractive form. Best practices, technological and design solutions were mainly based on solutions tested by GOG.COM², while both projects remained independent.

The task cdp.pl pursued was the transfer of sales of the back-catalogue from retail to online sales, at the same time increasing the mar-

² GOG.COM was a computer games sale and distribution service operated by GOG Ltd, a wholly owned subsidiary of CD Projekt RED based in Warsaw, Poland. It delivered classic video games through its DRM-free digital platform for Windows and Mac OS X. In March 2012, it began selling more recent titles, such as *The Witcher 2*, *Alan Wake*, *Assassin’s Creed*, among many others.

gin. Hence, box series should be transferred to the Internet. Another task of cdp.pl was building an as wide as possible database of clients who are keen to pay for digital content. Therefore, the activity of cdp.pl should ultimately be transferred to digital distribution. The third task of cdp.pl was achieving a leader position in the Polish digital distribution market and becoming a brand which is most often chosen by Polish players.

cdp.pl platform values

- Polish prices for Polish players – as there are no distribution costs or manufacturing costs, cdp.pl online versions are cheaper than games in boxes.
- Rich electronic editions of digital games – every game sold is comprised not only of setup files but also a range of bonuses. With the purchased game the client often receives e-manuals, official guidebooks, audio tracks, wallpapers, and others. Information on extras available for a particular digital game is always clearly provided.
- Guarantee of smooth installation and start – regardless of the type of game, the company guarantees the game will be working. In case of troubles that cannot be solved for diverse reasons, cdp.pl provides a money-back guarantee.
- Skilful technical support – cdp.pl's technical support provides help in the case of problems associated with the installation and launching of the game; it even provides help with selecting a game.
- Your account, your games – the purchased game is stored on the client's account, to his/her disposal at any time. It can be re-downloaded and re-installed at any moment.
- Constantly expanding the offer – cdp.pl's catalogue contains not only the biggest hits but also classic games which are no longer available at shops.
- Games in Polish and English versions – the catalogue comprises games in Polish and in English versions – players can freely choose the version they prefer.
- Games catalogue with recommendations of cdp.pl and other players – a transparent catalogue helping with the choice of the most valuable and the most preferable games.

Portfolio online

The digital distribution offer contains 4 product categories.

At first, the digital offer comprised only games (Appendix 2). In October 2012, the website launched 34 carefully selected titles. In November 2012, upon conclusion of a contract with the company Ubisoft, cdp.pl's catalogue was extended with new products, such as the popular game *Assassins Creed III*. As a result, within two months, the offer increased up to 100 positions. Then, the offer was enhanced with The Walt Disney Company games; cdp.pl's portfolio was enriched with such positions as *LEGO Pirates of the Caribbean*, *Toy Story 3* or *Cars Toon: Mater's Tall Tales*. In March, the catalogue was enhanced with e-books, audiobooks and webcomics, including the first electronic version of Andrzej Sapkowski's books of *The Witcher* saga.

Competitors in the digital distribution market:

1. STEAM
2. MUVE Digital
3. GOG.COM
4. NETFLIX
5. DIRCET2DRIVE

The digital distribution market was growing rapidly. The market offered different models – Deezer, Spotify, “traditional” e-commerce, download, or mobile. The trend indicated that mobile content for iOS/Android platforms would supersede the model of downloading to PC – this trend might be opposed by Microsoft with its Windows 8 or the new platform developed by Intel. It is worth mentioning that mobile content for iOS was barely profitable – Apple was taking the lion's share of the revenues, while Android users were hackers not keen to pay.

The market of film distribution in Poland

In Poland, sales of movies in DVD format were losing in popularity.

“The DVD market is declining. I prophet the sad end of this format in the near future. Everything is moved to the Internet. The original DVD with a film is useless to people.” – Roman Gutek, film distributor Gutek film.³

³ <http://www.forbes.pl/rynek-dvd-w-odwrocie,artykuly,157689,1,1.html>

On the other hand, the popularity of the VOD⁴ format was growing. Mindshare's research from 2012 revealed that nearly 40% of the respondents declared watching VOD at least 3 times per week. The biggest players in the Polish market were: Ipla, Iplex, Onet, VOD TVP.pl, TVN Player and Kinoplex (Appendix 5). Also international companies such as iTunes and Google emerged on the scene as well as others who planned to start their business activity. The Polish TV market was one of the biggest in Europe.



In Poland, VOD had its beginning in the years 2007–2009. However, the financial crisis caused the bankruptcy of many newly appeared companies. In addition, Polish Internet users believed that everything that was available through the net should be free of charge and Internet piracy was quite common (Appendix 4). The classical model of movie rental for 24 or 48 hours was not working at all. In the beginning of 2010, Iplex introduced a new form of VOD that allowed watching movies for free in exchange for watching advertisements. Various companies decided to follow this model. The VOD market in Poland was finally constituted by the end of 2011 and divided among the aforementioned companies. The entrance of potential competition and imitation of their solutions was extremely difficult as they used their reputation and client base to reach a scale that would ensure profitability for them and enable negotiations with movie publishers and advertisers. The model of watching movies for free in exchange for watching advertisements was accepted by the users. GFK research from 2013 showed that the percentage of people who accepted such a form of advertisement grew from 56% to 73% within one year.

“All big VOD providers use such a model. It’s due to the fact that the client doesn’t want to pay for a product and prefers to watch 30 minutes of advertisements. The advertisements bring income that can be used to pay the publishers. In other words, the platform that published the movie has income from marketing and the publisher gets the money. That is the puzzle.” (Dariusz Nazim)

⁴ VOD – a system that allows the user to watch a movie whenever he wants to irrespective of the broadcasting time.

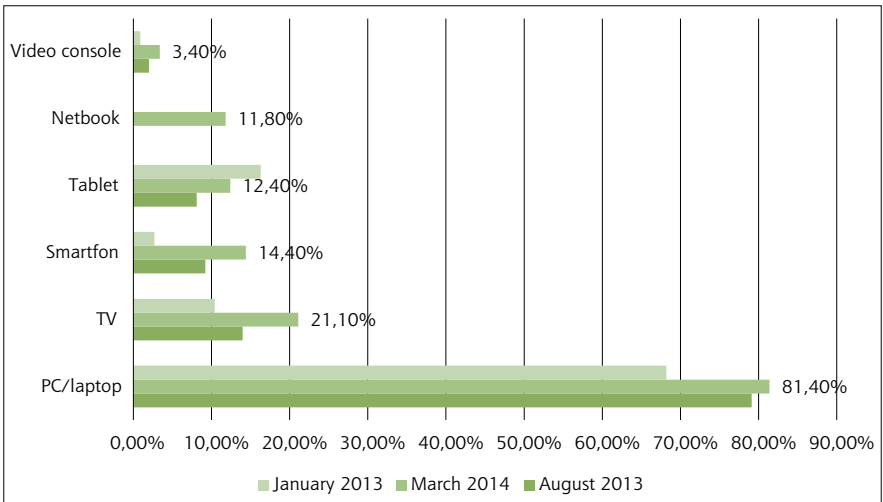
The GFK research also showed that the readiness to buy a movie online was still low – 20%. The Vice President of Iplex, Łukasz Skrzypek, pointed out that this approach among Polish users was gradually changing.

“Today, after only a few years, we are at a different point. Currently, all platforms offer paid services, and payment is quite easy. User mentality has changed. Users have gotten used to the fact that payment for a movie doesn’t cause opposition, and subscription packages are desired as strongly as paid thematic TV channels.”⁵

Another model of digital distribution was DTO, download-to-own, i.e. purchase in AVI or MPEG4 format. Movies could be stored in the cloud, which allowed for watching them numerous times. Users had the impression of possessing the product for themselves for good. Such a possibility was offered by, among others, iTunes and Google. However, this solution was unpopular among video platforms as it required long negotiations with publishers who preferred VOD format that was easier to control, making it difficult to illegally copy the product.

The most popular media for watching VOD was the computer, however other devices were also gaining in popularity (Figure 1).

Figure 1. The most popular devices for watching VOD in 2013–2014



Source: <http://mensis.pl/aktualnosci/vod-w-polsce-rosnie/>

⁵ <http://www.audiowizualni.pl/index.php/dystrybucja-filmu/internet/problematyka-dystrybucji-internetowej-vod/5433-vod-historia-rozwoju-rynku>

Tasks

As far as business activity is concerned, **the biggest task of cdp.pl is to create a catalogue of movies that the target group is interested in.** The group of registered users, accounting for over 50 thousand people, is comprised of fans of digital games, fantasy literature and comics.

cdp.pl target groups

The recipients of cdp.pl's offer are mostly young people who use modern technologies and seek multimedia entertainment.

Children of the age between 3 and 12 – users of game and movie content distributed by cdp.pl. The younger ones watch Disney cartoons while the older ones prefer games with their favourite heroes. Children at school age use educational software and language-learning software. This group mainly uses content that is available on CDs in boxes.

Casual players are people who play from time to time and prefer less demanding digital game genres. There is a constant growth visible in the number of women in that segment who choose simulation games and sport games for consoles with a motion sensing device.

Hardcore players are mainly men of the age between 15 and 45 who play RPG games (Witcher 2, Diablo III). They prefer PCs and notebooks. The group of hardcore players immediately valued the digital distribution; the number of players preferring downloading games from cdp.pl over purchasing digital games in boxes is continuously growing.

Furthermore, the digital offer of cdp.pl was aimed at bookworms. The cdp.pl's catalogue was comprised of dozens of e-books profiled for people interested in fantasy, sci-fi literature or comics.

Launching the new category aimed at:

- extending the portfolio to include brand new products;
- further revenues growth according to business plans;
- attracting new clients to the portal.

As the popularity of this category among files most often downloaded from the Internet (2nd place – the leading position is held by games) was immense, the choice of the movie category was natural. Nevertheless, the company faced many challenges associated with the new category launch, among other:

- Which distribution model is to be selected – VOD, rental, download-to-own or other? Which one would suit the clients best and which one is most likely to succeed?
- Which content should be offered at the beginning? AAA movies, movies preferred by regular clients or back-catalogue movies?
- How should the launch of the new online service be communicated?
- Since many portals and cable television networks offer that service already, what can make our offer special?
- Which communication channels with clients should be chosen?
- Which type of multimedia content might be digitally distributed? Which additional services may be built on an online platform to achieve a bigger scale of activities and provide the customers with an increased value and product-mix?

Appendix 1 – Distribution of games

Physical distribution of games

The traditional value chain resembles a typical one for other industries connected with publishing movies or books. From the manufacturing to the consumption stage, a product flows through diverse middlemen, each of them playing a certain role in the commercialization process and striving for profit maximization. The revenue from games is distributed among the respective actors in the following manner: approx. 20% for the hardware producer, approx. 10% for the distributor, approx. 30% for the retailer, and approx. 40% for the producer and publisher (the share is negotiated individually among these two actors) (De Prato, 2012).

Figure 2. Traditional value chain



Source: The author's own elaboration.

Hardware producer

Console producers manage the access to the platform through publishing licenses granted to game producers. Applications for licenses should include a presentation of experience, the company's market image and

positive press reviews. A license allows for receiving a free Software Development Kit (SDK). However, as a SDK offers limited technical possibilities, an external motor must typically be used. The platform can also be entered through collaboration with an authorized publisher. In order to publish a game for a particular console you are charged by the hardware producer. Since the charge is collected at the production stage, the payer is burdened with a large risk. For instance, if it is assumed that 1 million copies of a game are to be sold, the charge is calculated for that number of items. If barely half of the planned items are sold, the charge will not be reimbursed. Independent producers are in a better situation as the charge is settled in the form of royalties for the console producers.

However, the production of a game does not mean that it will be automatically published. Before granting acceptance for publishing, the hardware producer conducts game tests. This stage often takes a lot of time and the product is very often sent back to the producer with feedback.

Game producer

The producer of a game is responsible for developing and manufacturing the game. Development teams are composed of a bunch of employees specialized in diverse fields. The game production process is associated with relatively high production costs with a low marginal cost. The minimal production cost of a game is estimated at \$5 million (Futurebooks, 2011). When the first copy is already produced, the distribution of further copies is associated with practically no costs.

Publisher

In a traditional value chain, the publisher is in charge of (De Prato et al., 2012):

- Identifying potential games worth publishing
- Acquiring copyrights by virtue of agreements with producers
- Licensing copyrights
- Establishing a marketing strategy
- Negotiations with distributors, retailers

In addition, publishers are responsible for granting licenses to rights and game concepts. As most games for consoles are available in a particular language version, publishers bear the responsibility for preparing the game for particular markets. A few international games publishers

are: Electronic Arts, Ubisoft, Activision/Blizzard and local ones, such as CD Projekt. They often assume the role of distributors.

Publishers have a considerable capital at their disposal. They know how to use economies of scale necessary for achieving a relevant transaction volume. They skillfully manage large budgets and know how to develop global brands and perform international marketing actions. Therefore, they often finance the games of other producers. Hence, publishers create portfolios of games that according to them might be interesting to clients.

Table 2. Top game publishers in 2010

	Publisher's name	Land of origin
1	Nintendo	Japan
2	Electronic Arts	USA
3	Activision Blizzard	USA/France
4	Ubisoft	USA
5	Take-Two Interactive	USA
6	Sony Entertainment	Japan/USA
7	ZeniMax Media	USA
8	THQ	USA
9	Square Enix	Japan
10	Microsoft	USA
11	Konami	Japan
12	Sega	Japan
13	Capcom	Japan
14	Nexon	Japan
15	Namco Bandai	Japan
16	Warner Bros. Interactive	USA
17	Namco	Japan
18	Valve Corporation	USA
19	Atlus	Japan
20	Zynga	USA

Source: (De Prato et al., 2012).

Distributor

Distributors are responsible for packing the products, the logistics, retail sales, maintaining stock, marketing at sales point, or sometimes even user support (De Prato et al., 2012). Together with retailers they are

responsible for the logistics. Games are one of the numerous digital entertainment products that are delivered by the distributors to the shops.

There are many possibilities of vertical integration within that chain. Companies strive for ensuring an as big as possible profit share of the manufactured product for themselves. The market integrates about 170 publishers/producers (De Prato et al., 2012). Apart from publishers' practice, game producers, discouraged by the imposed game rules, also tend to undertake the risk of publishing a game by themselves. Therefore, they achieve independence, both in financial and conceptual sense. Producers taunt publishers with limiting innovative initiatives as a result of cost-cutting and the risk of failure. This type of companies is called 'indie', derived from the word 'independent'.

Producers of consoles (Sony, Microsoft, Nintendo) have their own production studios; they are publishers and distributors. They often acquire ready projects from smaller production studios and sell them under their own brand. As far as the consoles market is concerned, these companies exert dominance over common game producers. When a new generation of products for Xbox or PlayStation is developed, they can start to develop games earlier, tailored to the new technology. Other producers are forced to wait for the official premiere of a console in the market.

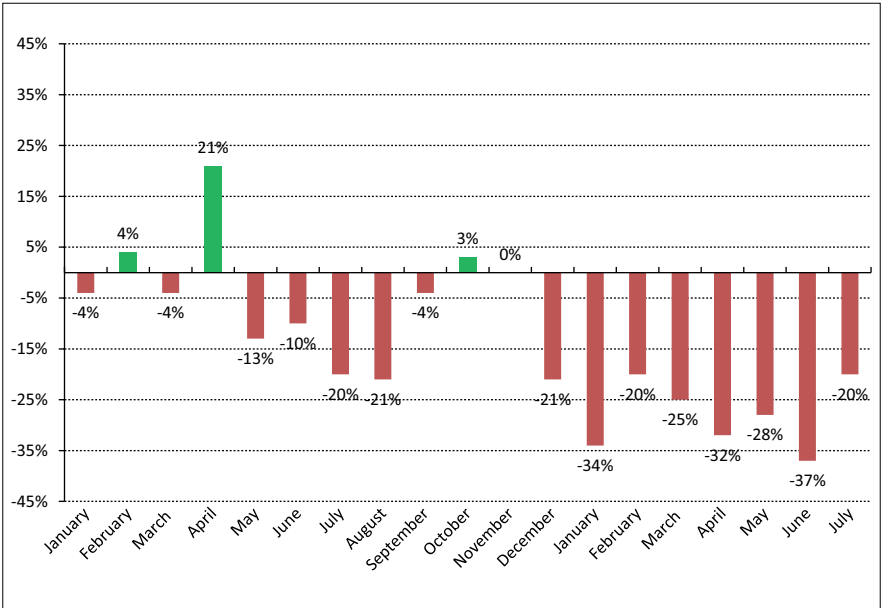
Additionally, there is backward integration among retailers. Big chains such as Walmart or FNAC directly conclude distribution agreements with publishers, taking up distributors' profits.

Appendix 2 – Online distribution

The popularity of buying games in virtual shops is constantly growing. Online distribution was introduced by the following hardware producers: Microsoft in 2003, Sony in 2004, and Nintendo in 2005. Every platform has its own online store allowing for buying a game 'without leaving home'. The game can be downloaded free-of-charge in a demo version and afterwards acquired in full version. From the point of view of the publisher, this method reduces the costs of distribution and negotiations with retailers. A virtual store is controlled by the console producer who delivers it as part of the device software. The online market is expanding rapidly. It is expected to achieve 39% of the entire

sales for that platform by 2017 (Gaudiosi, 2012a). This happens at the cost of physical sales, which have been dropping in the last years.

Figure 3. Monthly retail changes between January 2011 and July 2012 of digital games in off-line distribution (Month-over-Month)



Source: (Matthews, 2012b).

Figure 3 presents the detailed situation in the US market in the period between January 2011 and July 2012. It follows that retail sale drops are tremendous. April 2011 was an exception, since the long-awaited *Mortal Kombat* had its premiere then. Analysts hope the situation will improve upon launching a new generation of consoles (Matthews, 2012b).

Appendix 3 – digital games market – perspectives

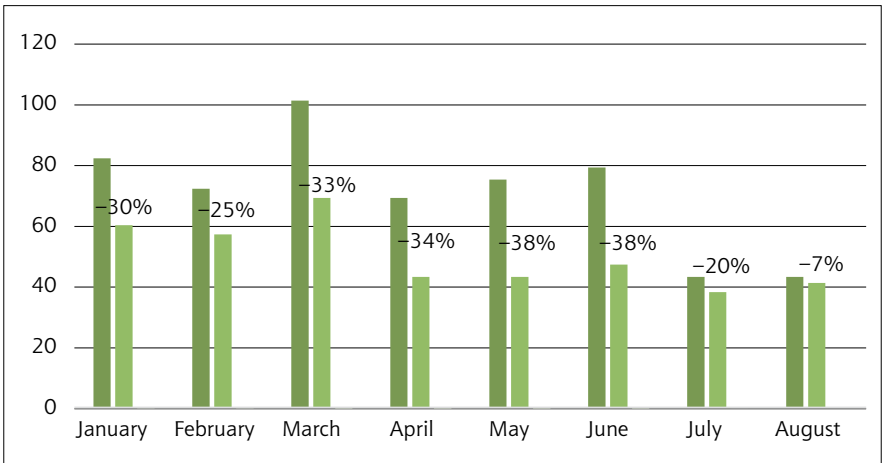
The value of the global market for digital games reached \$67 billion in 2011 (Gaudiosi, 2012a). The upcoming years are to bring about a dynamic industry growth. The market is expected to grow to about \$82 billion in 2017 (Gaudiosi, 2012a). When divided into platforms, the biggest subsector are PC games – 39%, dedicated console games – 36% and games for mobile devices – 25% (Radd, 2012).

The fastest growing subsector of games for portable devices is expected to grow three times within the next three years, reaching \$7.5 billion (Andrew, 2012a). In the last year, the number of downloaded applications has increased by 115%, that is from 7.7 billion to 16.8 billion downloads per day (Spruiensma, 2012). Users spend nearly 46% of their time on playing on that platform (Brightman, 2012).

When considering the growth of the entire market, the console subsector is currently flat, however, it is expected to grow up to \$25 billion in 2014 (Market Line, 2012). Firstly, this might be attributable to the following facts: the seventh generation of consoles is becoming obsolete, the number of potential hardware buyers is declining and the number of new titles appearing in the market is decreasing.

Secondly, it is the result of the changing tastes of players who gradually have less time for time-consuming entertainment and therefore select less engaging digital game playing platforms.

Figure 4. Revenue from sales of games in offline distribution in the UK with division into months (Jan-Aug 2011–2012; Year-over-Year)

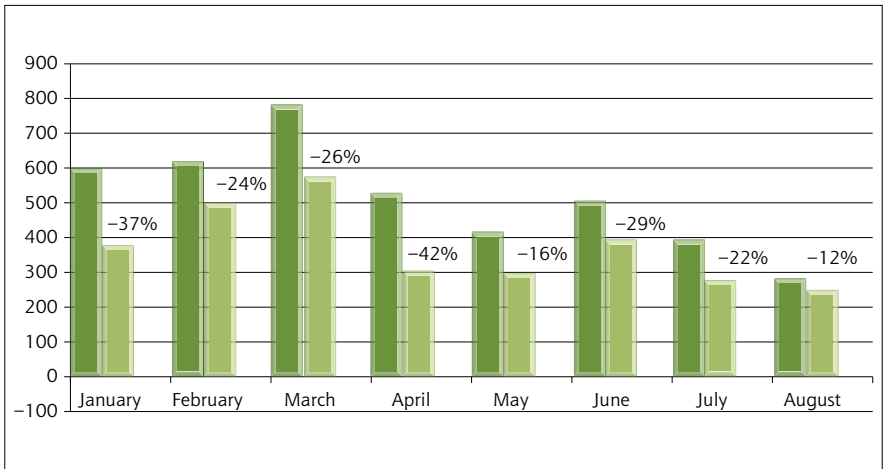


Source: (Matthews, 2012a).

The PC games sector sees a steady growth. It is expected to grow by approximately 25% within five years, generating revenues of \$25 billion (Gaudiosi, 2012a). As this subsector has been existing for a bunch of years, the pace of this growth is caused by changes that have occurred within the last couple of years. Hence, online distribution has led to the appearance of new games, users and producers in the market.

When considering the method of distribution in the market, online distribution of games dynamically increases at the cost of retail sales. Revenue from online games accounted for \$19 billion in 2011 and is estimated to reach \$35 billion by 2017 (Gaudiosi, 2012a). This noticeable trend poses a large threat for existing distributors and indicates the changing role of publishers. Figures 1 and 2 show the sharpness of decrease observed in the last year in two critical markets: in the UK and in the US (Matthews, 2012a).

Figure 5. Revenue from sales of games in offline distribution in the US with division into months (Jan-Aug 2011–2012; Year-over-Year)



Source: (Matthews, 2012a).

The popularity of particular platforms differs depending on the region. When considering the number of players, the largest mobile market is located in Asia – it is expected to constitute 40% of the total mobile market in terms of value in 2015 (Peterson, 2012a). The largest values are reached in the US, where players have spent \$2 billion on mobile games in 2011 (Newzoo, 2012). As far as the console platform is concerned, the US represents 45% of the market (Market Line, 2012), followed by Europe (Prato et al., 2010). PCs are the most popular platform in Europe. Germany is the largest market in Europe (“Germany Conquers European Gaming Market,” 2012).

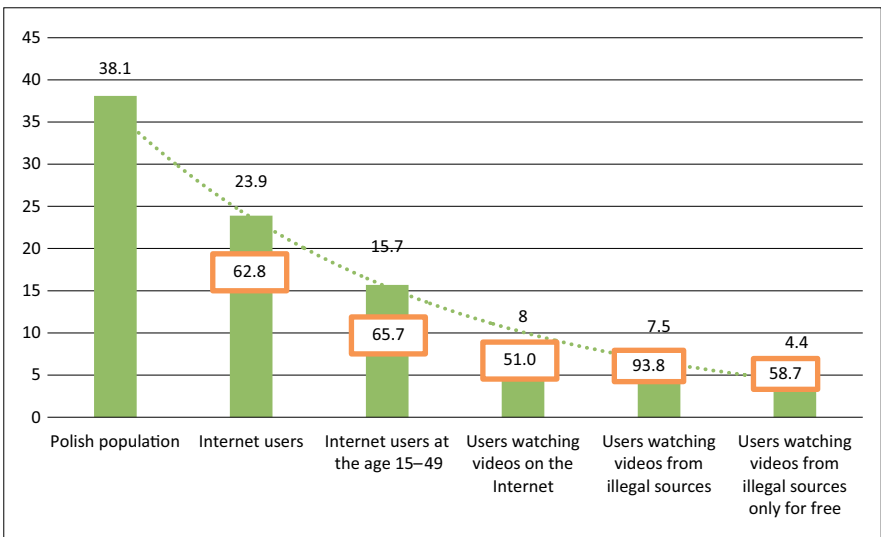
In developing markets, the dominance of mobile devices as a playing platform is caused by the fact that the games market in these regions was not considerably developed when older platforms developed. Now-

adays, people in these countries are getting richer and want to become equal to Western countries in terms of living standards, so they select modern technologies.

Appendix 4 – Piracy in Poland

The PricewaterhouseCoopers report⁶ showed that 1/3 of Internet users download movies from illegal websites. It was estimated that yearly 400–500 mln movies and 650–750 mln TV series are broadcasted through illegal sources. Each year those numbers are rising.

Figure 6. Users watching videos from illegal resources in comparison to Polish population



Source: <http://www.pwc.pl/pl/publikacje/piractwo/skala-piractwa.jhtml>

“It was only a few years ago when Internet piracy concerned only a narrow group of users. Today, it is a widespread phenomenon and its negative impact on the economy is more and more visible. The sector of these services has grown to a scale exceeding legal Internet platforms of-

⁶ PWC (2014) Analysis of the impact of video content piracy upon the economy in Poland.

fering video content in Poland” – Piotr Baranowski, partner and team leader of media and new technologies at PwC.⁷

The PwC Report revealed that Internet users decided to illegally watch video content for two major reasons:

- 30% of the respondents are attracted by the rich offer;
- 25% of the respondents choose illegal sources because they are free of charge.

“The research results show that the declared causes of usage of illegal services are marginally dependent on a household’s income” – Piotr Baranowski, partner and team leader of media and new technologies at PwC.⁸

Moreover, the report showed that more than half of Internet users paid for access to illegal movies. Monthly, they spent on average 14 PLN. Most users had a problem with distinguishing legal and illegal sources. Only 8% of the users could recognize which services function in accordance with the Polish law.

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⁷ <http://www.komputerswiat.pl/artykuly/redakcyjne/2014/04/pobieranie-filmow-i-seriali-generuje-ogromne-straty-finansowe.aspx>

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Appendix 5

Table 3. Local VOD services in Poland

Service	Operator	Internet website	Windows application	Mac application	Linux application	iOS application	Android application	Console application	TV application	STB application	Payment
TVN Player	Grupa TVN	YES	YES	YES	NO	YES	YES	YES	YES	YES	NO
ipla	Cyfrowy Polsat	YES	YES	YES	NO	YES	YES	YES	YES	YES	Partly for free
iplx	Iplex	YES	YES	YES	NO	YES	YES	YES	YES	YES	Partly for free
Kinoplex	Agora SA	YES	YES	YES	NO	YES	YES	YES	YES	YES	Partly for free
VOD.tvp.pl	Telewizja Polska	YES	NO	NO	NO	NO	NO	NO	YES	YES	NO
Onet VOD	Ringier Axel Springer Polska i Grupa TVN	YES	NO	NO	NO	NO	NO	NO	YES	YES	Partly for free
HBO GO	HBO	YES	YES	YES	NO	YES	YES	YES	YES	YES	YES
HBO On Demand	HBO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES
Canal+ na życzenie	Canal+ Cyfrowy	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES
PictureBox	SPI International Polska	YES	NO	NO	NO	NO	NO	NO	NO	YES nct+, Multimedia Polska	YES
FilmBox Live	SPI International Polska	YES	NO	NO	NO	NO	NO	NO	YES	YES	YES
AXN Now	Sony Pictures Entertainment	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES
Telewizja Tu i Tam	Orange Polska	YES	YES	YES	NO	YES	YES	YES	NO	YES	Partly for free
Vodeon	Vodeon	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES

Source: http://pl.wikipedia.org/wiki/Wideo_na_%C5%B4Czyzenie

Kaja Prystupa-Rządca, Kozminski University
Michał Gembicki, cdp.pl

cdp.pl – In Search of New Customers

Introduction

After nearly two years of the cdp.pl platform functioning¹, the company's management needed to face new challenges of online distribution. The platform was developing fast through enlarging both its product portfolio (Appendix 1) and number of customers. However, a higher turnover was desired and cdp.pl was looking for new ways of accelerating growth.

cdp.pl was experienced with online distribution. Since 2009 it was successfully running GOG.com, a digital platform with classic computer games, a niche segment for connoisseurs². However, GOG.com offered products that were not available elsewhere on the Internet. Thus, its segment characteristics and customers differed from those of the cdp.pl platform. One of the most striking differences between them was the purchasing style of the customers. While GOG.com was bringing rather stable incomes, significant fluctuations of sales associated with launching various promotions could be observed on cdp.pl.

“At GOG.com the gamers didn't necessarily wait for promotions. They knew that the game could be purchased there, so they were buying it as

¹ See chapter: cdp.pl – Towards Online Distribution.

² GOG.COM was a computer games sale and distribution service operated by GOG Ltd, a wholly owned subsidiary of CD Projekt RED. It delivered classic video games through its DRM-free digital platform for Windows and Mac OS X.

they could not get it anywhere else. At cdp.pl, we have a variety of games that are available in our shop as well as other places on the Internet. So the sales look quite different. We knew that promotions would be our important marketing tool, but we were unaware of the fact that our sales would be based exclusively on promotions.”

From promotion to promotion

The model ‘purchase from promotion to promotion’ was popularized by Steam, the biggest digital platform for selling games (see Appendix 2). The platform organized a massive sale of available content twice a year: just before Christmas and in early spring. Additionally, there were the so-called ‘special offers’ for clients (see Appendix 3). This model spread among other digital platforms and became ‘the only way of conducting business in the digital world’. The clients got used to promotions and it was quite rare that they were buying games for the full price (Appendix 4).

“It is impossible to fight it. But if you try to concentrate only on those big promotions you would find yourself without sales for ten or eleven months. You need to stimulate sales through some forms of short-term promotions for particular titles. In digital distribution we sell games, ebooks, movies and audiobooks. So we can create different promotion profiles. For instance, we can organize a promotion for games during the weekend, and later from Wednesday to Friday we can have a promotion for ebooks.” (Łukasz Kukawski)

The only exception was the time of a premiere of a new title, when for 2–3 weeks the game would be sold out for its full price.

Promotions at cdp.pl

The first promotion was organized by cdp.pl just after launching the digital platform in November 2012. The management decided to use the timeframe of Black Friday.

As they recall that day:

“I think we were the first service in our segment on the Polish Internet that did it on such a scale. We gave 50 game titles and the jump in purchases was huge – around 300% or even more. It showed us the power of promotions.”(Łukasz Kukawski)

Since that day cdp.pl tried different types of promotions. For instance, it introduced 24h promotions for a given title. At the beginning it was an immense success, but after a while the service users got bored with it and stopped participating. The company needed to look for different mechanisms.

After a while cdp.pl developed several types of promotions that were quite successfully stimulating sales. The first one was the weekend promotion.

“During weekends users are very willing to sit down in front of the computer. They check what is interesting on the Internet, and read mailings with current offers from our service.” (Łukasz Kukawski)

Other promotions were organized around the time of holidays and long weekends, when people had more free time and were looking for ways to fill it.

cdp.pl also tried to analyze its customer base and prepare customized offers.

“We know our users quite well. We know their age, gender, location – whether they come from a large city or not. Additionally, we can analyze whether they buy only during promotions or for the full price as well. Whether they buy games, books or movies. How many products they have on their virtual shelf. We have access to this virtual shelf and we can check what and when they ordered and what they are observing. This is the power of the Internet.” (Łukasz Kukawski)

Not all media were subjected to promotions.

“Among ebooks we have some exclusive content, such as The Witcher Saga. It sells very well and we do not need to put it on promotion.” (Łukasz Kukawski)

If cdp.pl was not the exclusive distributor of a product, it tried to attract customers not only with the best price but also with additional content, such as: wallpapers, artworks or music.

Channels of communication

The promotions were signaled to the users through different communication channels, which were mostly targeting hardcore gamers³. cdp.pl was using various gaming portals, such as Polygamia, CD Action

³ Hardcore gamers – type of gamers that are engaged in playing; in Poland there are around 200 thousand of such players.

or gram.pl. Additionally, it extensively used social media, such as Facebook or Twitter as well as the blog that was available on the platform's website.

“This blog was launched at the end of 2013. In less than a year it became a serious information channel. It has 100 thousand unique users, so this is an average-size blog. Besides information and articles, we can also publish some marketing news on this blog. For instance, we can place an advertisement for a game that a particular blog entry is about.” (Łukasz Kukawski)

Cooperation with publishers

The conditions of the contracts with publishers depended on the type of media that was the subject of negotiations. With ebooks it was possible to negotiate temporary exclusive distribution (for instance for 2–3 weeks), although that was quite costly. Whereas, in the case of games, there was no possibility to negotiate exclusive distribution. However, gamers were more loyal customers than ebook readers, who were only purchasing from services with the lowest price.

In addition, many Polish publishers were not convinced about ebooks.

“With the latest Sapkowski book – Season of Storms – the publisher decided to publish the book exclusively in paper form. He claimed that if it was published in digital form, people would steal it right away. But Internet users did it anyway and in high quality. It was very readable. There were 90 thousand downloads. It was impossible to stop people from doing it as it was available on the service Chomikuj.pl (Polish version of Megaupload). Additionally, many people who prefer ebooks were angry that they cannot purchase it legally. There are many users who do not collect paper versions of books because, for example, they travel a lot. Finally, one month after the premier, we convinced the publisher to publish it in digital form because we showed him the numbers. We sold 2 thousand copies, which was kind of a success.” (Michał Gembicki)

Many publishers were convinced that by not publishing an ebook version, they officially stopped piracy. Sometimes they tried to use some tricks, such as printing on lower quality paper that was more transparent and therefore more difficult to scan. However, people knew how to overcome such difficulties.

While preparing the promotion, cdp.pl firstly tried to negotiate some discount from the publisher's margin and later they were cutting from their part of the bargain.

“Both parties profit from it. Us, because we sell through our platform, and the publisher, because he gets the contracted percentage. There is a price below which you cannot offer the product as you would lose. However, there were cases when we decided to sell below such a price, which meant that we paid extra for each sold copy, but that was a means to generate traffic on the website, gain new accounts or get attention, as cdp.pl is not primarily associated with ebooks but with games. With the next offer targeted at new customers we have a better margin and the money will return to us.” (Łukasz Kukawski)

Customers

An analysis of the customers of the cdp.pl platform revealed that 25% of the customers, the hardcore gamers, were generating 80% of the turnover. They were mostly buying games. The other group included *promotion hunters*, who constituted around 50% of the customers. They were only interested in buying on promotions and were waiting for those bigger ones. Those were people who had a lot of free time, such as pupils and students, which was visible as cdp.pl employees analyzed comments on social media.

The last group included the so-called *Sunday buyers*, who coincidentally entered the cdp.pl service and purchased something. They were mostly buying ebooks and movies from the mainstream genre.

“We are mostly interested in enlarging the category of Sunday buyers, as they have money and are interested in books, movies and games. It will be easier to convince them to stick to one single source of multimedia, because they are less interested in price and more in the simplicity and transparency of the service... ease of purchase and speed of delivery.” (Łukasz Kukawski)

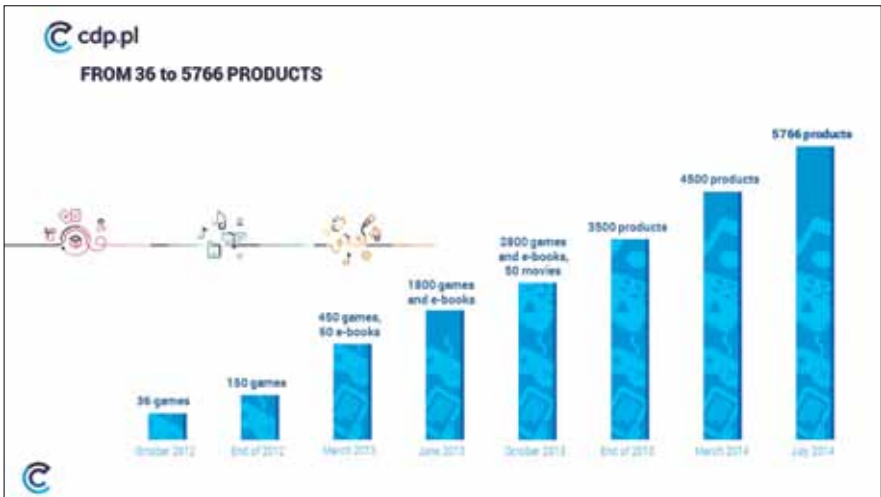
However, this category was the most difficult to reach as the channels of communication that cdp.pl was using were not targeted at them.

“We don't want to break with the past and leave our hardcore customers. We know where we stem from. But we wish to open ourselves to other customers who are interested in lighter entertainment, who read not only fantasy, who listen to audiobooks.” (Łukasz Kukawski)

The challenges which the managers are facing deal with the enlargement the “*Sunday buyers*” category at the cdp.pl platform and the promotional tools and actions needed to convince the clients to the platform and its products.

Appendix 1

Figure 1. Sales of multimedia content at cdp.pl in 2012–2014



Source: cdp.pl internal documents.

Appendix 2

Steam

Steam is a multifunctional virtual platform for selling games launched in 2003 by Valve Corporation. Within several years it achieved a dominant position in the market, reaching 51% of online distribution in 2011 (Tassi, 2012). In 2012 the mobile version of Steam was launched, which is fully integrated with the standard computer version. Steam operates on various computer systems: Microsoft Windows, Mac OS X, Linux, PlayStation3, Android and iOS. The statistics revealed that there are more than 40 mln accounts registered and there are 1,800 games available on the platform. The most popular games gather thousands of players. For instance, *The Elder Scrolls V: Skyrim* broke the record by

gathering 93,000 Steam users at the same time. Since 2011 the platform offers games that can be played for free, i.e. games that are available for free and the gamer only has to pay for additional content.

Steam offers AAA games for reasonable prices.

Table 1. Game statistics – 17 September 2014

Current Players	Peak Today	Game
388,093	725,711	Dota 2
62,408	212,376	Counter-Strike: Global Offensive
29,739	59,980	Team Fortress 2
20,100	48,583	The Elder Scrolls V: Skyrim
18,277	39,382	Sid Meier's Civilization V
16,848	52,353	Football Manager 2014
10,908	29,266	Garry's Mod
9,484	17,630	Warframe
8,732	28,875	Counter-Strike
8,614	22,267	Total War: ROME II – Emperor Edition

Source: <http://store.steampowered.com/stats>

Appendix 3

Steam sales: How deep discounts really affect your games

Source: <http://www.gamasutra.com/view/news/174587/>

Valve's Steam sales have always proven a great time for consumers to score some cheap PC games, but over the past several months, there's been some debate over whether these promotions are good for game developers. Some have argued that the major discounts devalue games, and end up hurting the industry in the long run.

But according to a number of developers that took part in this year's Steam Summer Sale, that doesn't seem to be the case. The teams who've discounted their games during this or previous Steam sales have found that the promotions not only attract more sales, but also generate more revenue and breathe new life into aging products.

Runic Games CEO Max Schaefer, for instance, tells us that while it's been almost three years since his studio launched Torchlight, Valve's

Steam promotions have helped the game maintain healthy sales to this very day.

“We find that we get several thousand percent increases in units and revenue on the days of the Steam sales, and unit sales are usually about double the normal for a few weeks after the sales are over,” he says.

This year’s Summer Sale (which ended July 22) was particularly noteworthy for Runic, as it helped Torchlight hit its second biggest day ever in terms of overall unit sales – not bad for a game that came out in October 2009.

And Runic’s case doesn’t seem to be an anomaly; Supergiant Games’ Amir Rao tells us that these Steam sales have proven more lucrative than his game’s initial debut.

“A lot of times we judge the success of a game – and predict its sales – by looking at its launch day numbers. Steam sales have made that delightfully impossible. Our launch day [for Bastion], which we viewed as very strong, is only our fifth best day of sales ever on Steam due to the power of the promotions we’ve had the opportunity to participate in,” Rao says.

According to indie developer and Super Meat Boy co-creator Edmund McMillen, these promotions can increase sales to an almost staggering extent. His 2D dungeon crawler The Binding of Isaac, for example, saw sales multiply by five when it was marked down by 50 percent, and once it hit the front page as a temporary “Flash Deal” (for 75 percent off), sales multiplied by sixty.

Believe it or not, those figures aren’t all that unusual. Valve’s director of business development, Jason Holtman, says plenty of developers have seen their sales increase exponentially, giving them a very healthy boost in revenue.

“It’s not uncommon for our partners to see [a] 10-20 times revenue increase on games they run as a ‘Daily Deal.’ Some titles really take off and see as much [as a] 70–80 times increase in revenue,” Holtman said.

Is there a catch?

Despite the fact that Steam sales mark games down to just a small fraction of their usual price, the developers we spoke to don’t think these promotions are devaluing games at all. Based on the data they’ve seen, Steam sales have only been a good thing for their business.

Sure, players will jump on the chance to buy a game for \$2.50, but the developers have found that Steam consumers are still perfectly willing to pay full price for a game once the sales are over. The “race to the

bottom” we’ve seen on the mobile markets just doesn’t seem to be there on Valve’s platform.

“While some may argue that [major sales] contribute to an industry-wide price deterioration problem – where smartphone games have made people unwilling to spend more than \$5 on a digital game – [Steam sales] are a bit different,” says Ken Berry, the executive VP of XSEED Games (Ys Origins, Ys: The Oath in Felghana).

“Rather than looking at it as a ‘lost sale’ when people wait for these Steam discounts, I think it needs to be viewed as reaching out to a new customer that never would have purchased your game otherwise.”

Valve’s Holtman says he’s never noticed any negative consequences from these promotions. Instead, most games still see positive trends in their sales numbers well after the discounts are over. At the very worst, a game’s sales will just revert back to what they were before the promotion began.

And of course, it’s not only about generating more sales. Sometimes, you just want to make sure that people are playing your game in the first place, so they pay attention when you’re building excitement for whatever comes next.

As Toxic Games’ Daniel Da Rocha (Q.U.B.E.), puts it, *“[When people] have the opportunity to pick up a copy for next to nothing, this only grows the fan base around the game, so when we release new content or future games, we have a large community already there to market to”.*

For those still looking to reap the benefits of these sales, you’re in luck, as Holtman says *“there’s no secret handshake a developer needs to know to get their title on the front page [during a sale]”* – all you really need to do is put out a product that consumers want to play.

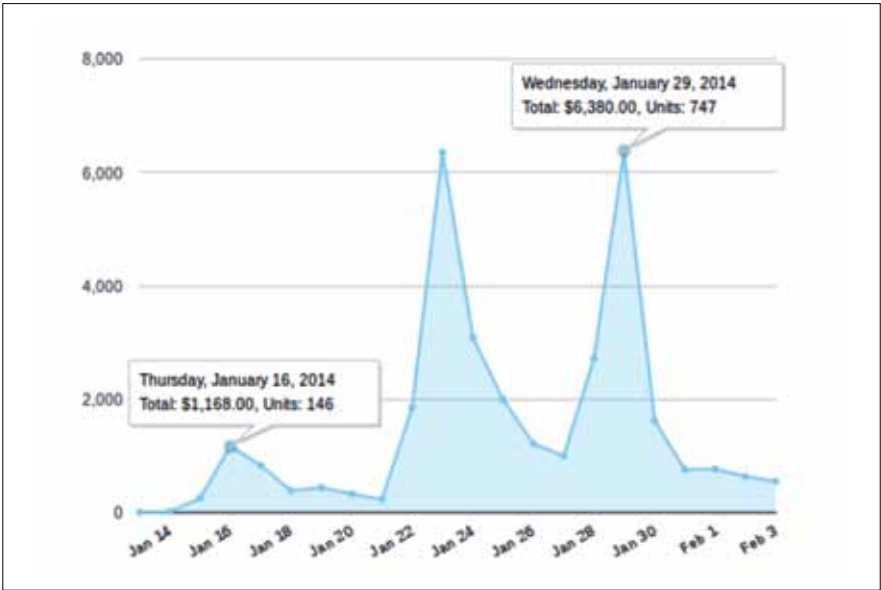
Appendix 4

Example of sales during promotions from the blog Thecastledoctrine.net

“During these three weeks alone, 3,841 accounts were sold for a gross revenue of \$32,576. The first small spike in this graph comes from the announcement of my alternative pricing scheme and all the controversy that swirled around that plan. Then comes the contest spike, which was already labeled in the previous graph. Finally, launch day, which was

the third-biggest off-Steam sales day in Castle Doctrine history. Clearly, ‘the price is going to rise soon’ drives sales in the same way that ‘the price just dropped’ can, but with none of the nasty side-effects.’⁴

Figure 2. Sale of Castle Doctrine in January and February 2014



Source: http://thecastledoctrine.net/seedBlogs.php?action=display_post&post_id=jasonrohrer_1391541088_0&show_author=1&show_date=1

⁴ http://thecastledoctrine.net/seedBlogs.php?action=display_post&post_id=jasonrohrer_1391541088_0&show_author=1&show_date=1

Kaja Prystupa-Rządca, Kozminski University
Michał Gembicki, cdp.pl

In Search of New Distribution Channels

Introduction

After many years of cooperation between the biggest Polish game developer and distributor, i.e. cdp.pl, and Empik, a major media retail chain store, a crisis took place. On the 16th and 17th of December 2013 cdp.pl filed two lawsuits against the retailer. The first one concerned a lack of payment for the delivered goods amounting to PLN 1 356 000. The other one dealt with the “return of benefits derived from the act of unfair competition committed by Empik Sp. z o.o. that referred to article 15 act 1 point 4 of the law about fighting unfair competition, which consisted in the collection of other than margin trading fees for the release of goods for sale”¹ and it concerned a larger amount of money – PLN 9 049 000.

It was a courageous move on the part of cdp.pl, because by suing Empik the company decided to end the aforementioned cooperation. For the Polish game distributor it was one of the major distribution channels and it constituted 30% of its sales. The management of cdp.pl faced a serious dilemma: how to fill such a huge hole in sales? Thanks to platforms such as GOG.COM and cdp.pl the company was increasing its incomes from digital distribution, but it was unable to generate adequate turnover from them on a daily basis. The other retailers that cdp.pl was

¹ <http://hcgamer.pl/cd-projekt-pozywa-empik-zada-az-10-milionow-zlotych-33166>

cooperating with were not able to deliver greater profits either. Would the company have to pay a great price for daring to move against Empik? The management of cdp.pl did not want to think about that! (Appendix 1). Michał Gembicki, the managing director of cdp.pl, hit upon an innovative idea to solve this issue.

“The emerging power in the market of distribution and sale of goods are chains of discount stores. In Poland there are two, Lidl and Biedronka. Therefore, following this trend we agreed that we would organize a big promotion in Biedronka stores. Today Biedronka has 2,400 shops scattered all over Poland. They effectively cover Poland B and C, i.e. small and medium-sized towns, where there is no Tesco, Media Markt or Empik. It is a perfect place to sell games. The only problem is that this is not a traditional place to sell game. The customer who goes there plans to buy bread or milk and does not expect to find such products as games or movies”.

cdp.pl had some experience in organizing big promotions. For several years they occasionally conducted sales at the company’s headquarter called Giermasz. These had more of a PR character than constituting an important position in the balance of profits. The cdp.pl management decided to link the idea of Giermasz to sales through discount stores.

“People go to Biedronka anyway. We had the brand of Giermasz... So let’s try to merge those ideas and say to our customers: the next Giermasz will be held in Biedronka”.

Despite the wave of optimism among the employees of cdp.pl, there were many unresolved questions and decisions to be taken.

cdp.pl

CD Projekt (presently cdp.pl) was the most recognized Polish publisher and distributor of movies, video and computer games. The company was launched in May 1994 by Marcin Iwiński and Michał Kiciński. Within 17 years the company became bigger and bigger until it was divided into three divisions: the digital platform GOG.COM, cdp.pl and CD Projekt RED. Each of them had different goals to pursue (Appendix 2). The GOG.COM platform was created for fans of older games, not only for Polish ones, but for international fans as well. CD Projekt RED was developing games, such as the globally known game “The Witcher”. cdp.pl was responsible for games distribution mostly in Poland. Additionally, in 2009 the company started distributing movies

on DVD and Blu-Ray. Since 2011 cdp.pl was enlisted on the Polish Stock Exchange.

The cdp.pl mission was defined as follows:

*“The mission of the CD PROJEKT Group is to develop cutting-edge innovative products and services sought after by clients worldwide. In doing so the Group emphasizes direct, open and honest communication as a means of building trust and long-term relationships with our clients. The Group seeks to firmly establish itself as one of the foremost videogame developers in the world, whose products are frequently ranked among the best by gamers and critics alike. In addition to achieving global acclaim we aim to ensure excellent financial results and shareholder satisfaction.”*²

At the beginning of its functioning CD Projekt imported software from distributors in the USA.

“They started at Grzybowska Street³ with a stand where they had printed some pieces of paper with game titles.”

Soon after that they established direct contacts with international game producers. Within the first few years of functioning, CD Projekt became the distributor for such companies as Acclaim, American Laser Games, Blizzard, Blue Byte, Interplay and Psygnosis. Since 1996 the company had been publishing software with instructions and boxes in Polish. Later, they started translating complete versions of games. The breakthrough came in May 1999 when the company published the game Baldur's Gate. CD Projekt invited famous Polish actors to record the voices, such as Piotr Fronczewski and Wiktor Zborowski. The total sale of the game exceeded 100 thousand copies.

In the following years CD Projekt developed more contacts with Western publishers becoming the distributor for multinational corporations, such as Atari, Konami, Disney and Vivendi. The year 2002 was special for CD Projekt as it opened a new unit – CD Projekt RED, which specialized in computer games development. Meanwhile, the company started the exclusive distribution of Ubisoft games for PlayStation and PlayStation 2. In 2004 the company started collaboration with Sega, THQ and Microsoft becoming the exclusive distributor of their games

² https://www.cdprojekt.com/resources/document/2013/Strategia_CD_PROJEKT_2013-2016.pdf

³ At Grzybowska Street there was a marketplace with computer components and software.

in Poland. Since 2003 CD Projekt has been included in the *Business Gazelles* ranking⁴ (Appendix 3).

Giermasz

The first Giermasz, i.e. the sale of the last copies of games from storage, took place in 2010. The name was invented based on merging two Polish words, i.e. “gra” (game) and “kiermasz” (fair). Games that usually cost PLN 39–59 were sold for around PLN 10. On a set day gamers were invited to the headquarter of cdp.pl in Warsaw.

“From 7 a.m. gamers were standing at the door. Some of them with sleeping bags and boxes. They were taking positions to be the first ones to enter in order to hunt the best games. It was a very simple mechanism. The game is of great importance to players. They behave like promotion hunters. Each game has a limited number of copies. So they want to be the first to get the best copies!”

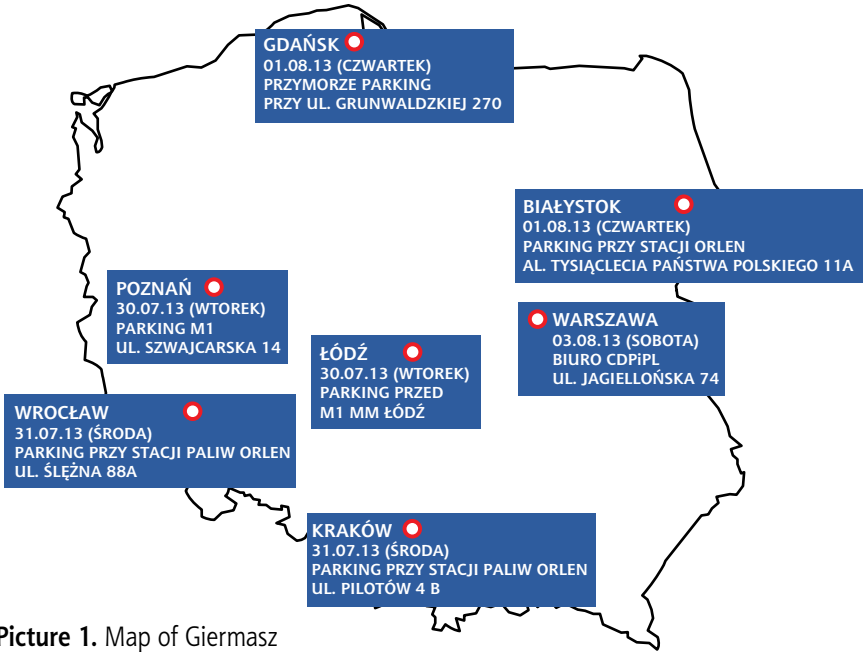
Despite the great popularity of this kind of promotions cdp.pl was unable to reach satisfactory financial results.

“We cannot in one day generate adequate turnover as we have only two cash registers and organize this at the patio of our office. For instance, we generated PLN 50–80 thousand of turnover from such a one-day promotion. But bearing in mind the scale of our company, which has PLN 100 million of turnover yearly, those were only pennies. So these actions only had a PR effect. The media were excited about it. They were taking photos of the people standing in the line, etc.”

There were also some allegations regarding the unequal treatment of players. The fans of cdp.pl pointed out that the people living in Warsaw were more privileged than other Poles. For many gamers traveling to the capital for Giermasz was financially unprofitable or impossible because many of them were underage and they could not travel such a long distance without permission from their parents.

In 2013 it was decided that a promotion action, the so-called *Giermasz Wszepolski*, would be conducted in several cities in the form of an itinerant trade. This solution was supposed to please fans and generate higher profits. However, it also generated additional costs, such as transport and renting offices. While the company tried to maintain low

⁴ A yearly ranking of the most dynamically developing SMEs in Poland, prepared by the Polish daily newspaper *Puls Biznesu*.



Picture 1. Map of Giermasz

prices, which also meant low margins, it turned out that this action was hardly profitable.

The effects in the context of turnover size were not satisfactory either.

“As it finally started, in Poznań barely anyone turned up, in Wrocław the sales volume was too low. As always, people talk a lot but they don’t show up.”

Biedronka

The founder of Biedronka is Mariusz Świtalski, the owner of Elektromis. In 1997 Jeronimo Martins, a Portuguese corporate group that operates in food distribution and consumer products manufacturing, bought 210 Biedronka stores from Elektromis and since then it has been dynamically developing the network. In 2008 the corporation took over around 120 stores of the German chain Plus and transformed them into Biedronka stores. Presently, there are 2,400 stores in 900 towns and cities, which makes it the largest retail network in Poland. On the “list of 500 biggest enterprises in Poland” prepared by Rzeczpospolita, Biedronka took 5th place in 2014. In 2012 the income of Jeronimo Martins Poland exceeded PLN 29 billion and one year later they reached the level of PLN 32 bil-

lion.⁵ In addition, in 2014 the brand Biedronka was honored, for the fifth time, at the prestigious contest *Superbrands*, as the leader in the category “grocery store chains”.

The low prices of the Biedronka products are achieved because of their own distribution system, which minimizes the transport costs and ensures freshness of products. Most of the products available at Biedronka are produced exclusively for its own stores (the product labels often contain the following information: “produced for Biedronka”). Purchasing large quantities of products and the lack of the need for funding the supplier’s brand allowed to obtain lower prices for the customers. Some of the well-known brands deliver special versions of their products to Biedronka stores, such as the 1.75 l bottle of Coca-Cola or Princessa waffles in six-packs.

Collaboration with Biedronka

The collaboration between cdp.pl and Biedronka started in 2005. The sale of games through the chain of discount stores had a sporadic character and this type of products were only a part of the offer. The price was established at around PLN 19.

“Biedronka divides the year into two-week windows. In each of those two-week windows it tries to integrate some interesting propositions. Rain boots, screwdrivers, flashlights, games ... in order to fill each week with interesting promotions. Its major market are people who buy food. But for how long can you buy bread and other food items? So from time to time they introduce a thematic offer. Such as trekking equipment. This way they reach people who are interested in trekking, and suddenly start going to Biedronka. And we were there from time to time. But later they lost interest in our offer.”

Additionally, there were some personal changes in Biedronka and the representatives of cdp.pl lost contact with the person responsible for supplier relations.

The reestablishment of relations with Biedronka was extremely difficult. The first attempts were fruitless.

⁵ <http://www.forbes.pl/100-najwiekszych-firm-w-polsce-2014,ranking,175066,1,1.html>

“The senior seller did not want to collaborate with us, as she didn’t know us and it seemed to her that this category, i.e. games, had no chance for success at the Biedronka stores.”

However, Michał Gembicki did not want to give up.

Logistical challenges

The crucial challenge for cdp.pl was the logistics of the planned undertaking.

“The difficulty of cooperation with Biedronka, from the perspective of such a company as we are, is the fact that it has many stores. It has 5 logistics centers where you need to deliver products and later they transport them by themselves to each store. But in order to fill 2,400 stores, you need to have a large quantity of products. In our case it was only around 120 copies per shop. This is a small box; it really is not a lot. But multiplied by 2,400 stores it gives a volume of 300 thousand copies.”

cdp.pl calculated that they would need 50 trucks to deliver the products in one night to the five logistics centers of Biedronka in different regions of Poland.

“The logistics of this undertaking are gigantic. A million incidents can happen on the way. From each perspective it is an impressive project.”

The risk of failure was quite high. cdp.pl had to produce 300 thousand copies of the product as well as stands where the games were supposed to be displayed. Biedronka had the right to return the unsold goods. If the promotion did not bring the intended effect, cdp.pl would be given back the product, which could not be redirected to other retailers.

Advertisement

An additional issue that occupied the mind of Michał Gembicki was advertising Giermasz. The margin for cdp.pl was relatively low as it was decided to keep the prices low and to provide discount for Biedronka. In order to profit from the promotion, the company could not spend money on marketing. *“How can we reach our customers with information about Giermasz, using only limited financial resources on advertisement?”* – Michał asked himself.

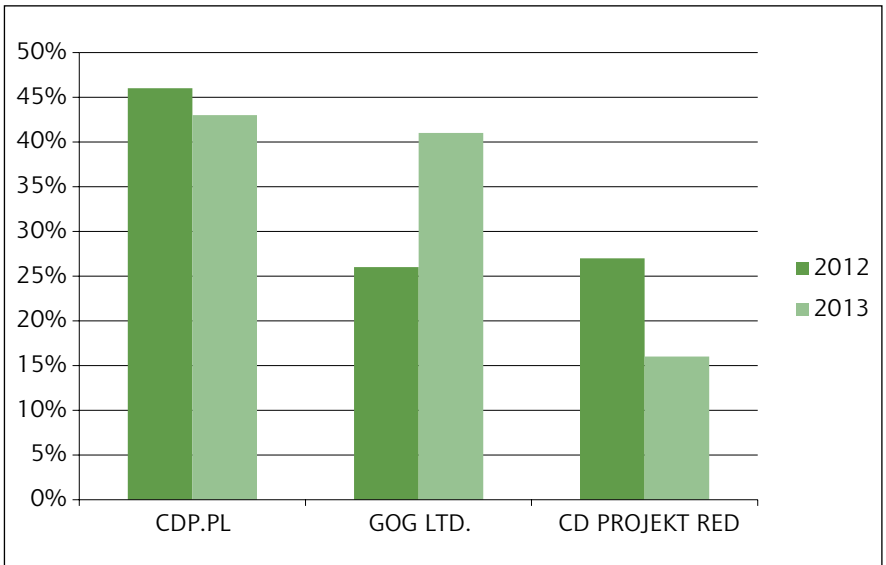
Appendix 1

Table 1. cdp.pl financial data (distribution and publishing in Poland in Polish zloty)

	2012	2013	Change
Income from sales	76 895	61 255	-20%
Own cost of sales	51 836	43 690	-16%
Profit from sales	25 059	17 565	-30%
Return on sales	33%	29%	
Other costs minus income	19 192	8 896	-54%
Gross profit	5 867	8 669	48%
CIT	-1 745	1 414	-181%
Effective rate of CIT	-30%	16%	
Including sales of brands	9 182	9 182	

Source: cdp.pl internal data.

Figure 1. Sales in the respective CD Projekt units



Source: cdp.pl internal data.

Appendix 2

Mission of cdp.pl⁶

We provide our clients with access to quality entertainment while offering efficient distribution channels for our business partners. We focus on premium content and believe in maximizing service quality, fostering creativity and adopting a personalized approach to client relations.

cdp.pl Strategy

- We believe in added-value distribution.
- We combine organizational acumen with high service quality and extensive market experience.
- We specialize in the efficient distribution of entertainment products and are proud of our innovative approach to marketing and communication.
- We carry out retail as well as digital distribution and believe in the synergy of both.

CD PROJEKT Group Strategy 2013–2016

- We continually strive to improve our organization in support of our distribution activities. cdp.pl operates in accordance with lean management principles.
- We maintain transparent relations with our clients and invest effort in ensuring frank and direct communication.

cdp.pl Plans (two stages)

2013

Digital distribution

- Launching a new digital distribution branch.
- Concluding digital distribution agreements with 1 or 2 globally renowned videogame publishers.

⁶ https://www.cdprojekt.com/resources/document/ENG/CD_PROJEKT_Group_Strategy_English.pdf

Retail distribution

- Entering into an agreement with at least one global leader in the retail videogame and/or motion picture distribution segment.
- Expanding the card and board game branch by attracting a new partner and launching a new line of proprietary products.
- Streamlining business workflows, including logistics, accounting and management.

Subsequent years (2014–2016)

- Digital distribution: Steady expansion of our portfolio, with top-of-the-line products in all supported categories.
- Retail distribution: Focus on premium content, i.e. highest rated games and motion pictures.
- Digital and retail distribution: Actively scoping out new distribution and publishing opportunities.

cdp.pl Goal

The long-term goal of cdp.pl is to become the local leader in the digital distribution field. We want to become the most popular and most widely recognized digital entertainment distribution brand in Poland, as well as a national leader in the retail distribution of videogames and motion pictures.

Appendix 3

The strong sides of CD Projekt:

1. Leader in the market of distribution and publishing of games in Poland (first Polish game publisher).
2. Attractive business partners and long-term collaboration with i.e. Microsoft, Walt Disney.
3. Strong brand of the Polish market.
4. First Polish game developer with international success.
5. Distribution in largest sales points.
6. High quality of offered products.
7. Big number of achievements, certificates and prizes, i.e. “Entrepreneur of the year 2009” by Ernst&Young, as well as more than 100 industry awards for the game “The Witcher”.

8. Good reputation among Polish gamers.
9. Own financial resources that allowed for game development by CD Projekt RED.
10. High potential of human resources.
11. Flat structure that allowed for quick decision-making.

Grzegorz Krzemień, GoldenSubmarine

A Mine You Don't Know – Wieliczka

The brand in Wikipedia*

“Wieliczka” Salt Mine – a salt mine located in the town of Wieliczka near Krakow. Since the thirteenth century till 1772, together with the “Bochnia” salt mine, it was part of the Żupy Krakowskie. The salt excavated in the mine dates back to the Miocene era.

In 1976 the mine was added to the Register of Objects of Cultural Heritage. Two years later, in 1978, it was added to the UNESCO List of Natural and Cultural Heritage. From 1989 till 1998 the Wieliczka Salt Mine was included on the List of World Heritage in Danger.

Since 1994 it is also one of Poland’s official national Historic Monuments. On June 30th, 1996 commercial mining was completely discontinued. In 2007, in a plebiscite organized by the “Rzeczpospolita” newspaper, the Wieliczka Salt Mine was on top of the List of “The Seven Wonders of Poland”, receiving the highest number of votes.

In 2006 the mine was visited by 1 065 857 guests, out of which as many as 58% of the visitors were foreigners. Most of the tourists came from Great Britain (over 57 000) and Germany (over 50 000).

* [link: www.wikipedia.pl http://pl.wikipedia.org/wiki/Kopalnia_soli_Wieliczka]

National Heritage Monument or a tourist attraction?

In Poland everybody knows the historic “Wieliczka” Salt Mine. To most of us Poles, its name is spontaneously associated with something important. Almost everybody learnt about Wieliczka while in elementary school and many of us could immerse in its history during early year school trips. After all, “Wieliczka” is an achievement of the work of several dozens of generations of miners, it is a monument of the Polish history and the Polish nation – a brand which has been present in Polish minds for decades. Despite the high spontaneous brand recognition, often also enhanced by the direct experience of visiting the mine, most of the visitors are foreign tourists.

The reason behind this is simple: the Wieliczka mine is a “must-see” in every booklet enticing foreign tourists to visit Poland. According to the TripAdvisor website, the “Wieliczka” Salt Mine is the third most important tourist attraction visited by foreigners*. Its location is perfect – close to the most interesting tourist destinations: Krakow and Auschwitz-Birkenau.

* [source: <http://serwisy.gazetaprawna.pl/turystyka/galerie/723069,duze-zdjecie,10,10-najwiekszych-atrakcji-turystycznych-w-polsce.html>]

A Problem

The mine’s historic value and its “monumental character” overshadow the image of an up-to-date institution which offers much more than just a historic trip for enthusiasts. The “Wieliczka” Salt Mine is a modern enterprise that keeps up with the contemporary trend of presenting history through an interesting, interactive experience. Nowadays, “Wieliczka” is more like a state-of-the-art family amusement park where everybody can spend many hours and experience unforgettable adventures, and feel like miners – the heroes from the past. Just like the interactive Copernicus Science Center in Warsaw – the mine’s Tourist Route offers its visitors many interactive activities.

Perceived as a National Heritage Monument by Poles, and by foreign tourists simply as “another spot to see” on their trip from Krakow to Auschwitz-Birkenau, the “Wieliczka” Salt Mine needed a new strategy of communication and creating a brand image.

The Brand's New Strategy: "Hidden Dimension"

Wieliczka's hidden potential became an inspiration for the creators of the brand's new strategy. The new positioning does not break with the past, and does not depreciate the brand's historical and sentimental values.

Wieliczka's new goal is to entice and attract, become a magnetic destination for entire families.

The brand reorganized its offer and prepared a special Tourist Route, where real, everyday underground life was reconstructed – for a few hours everyone can experience the toil of the work of a miner. Also, a special offer for families was prepared: a fairy-tale, mysterious Saltland hiding many secrets. A trip to that land was turned into a game for children.

The offer reads*: "The Wieliczka undergrounds are just the place for a brilliant outing with the whole family. Meandering corridors and unique saline chambers conceal many mysteries which only the eye of a young traveler can catch.

Every person, not only children, travelling along the Tourist Route will be amazed meeting strange characters on the way. Fairy-tale characters living in Saltland invite guests to play and have fun while objects found on the way serve as charms to solve all kinds of riddles. The Treasurer, the good spirit of the mine, hums a pleasant melody and the salt people, called 'soliludki', take your hand in a friendly manner and invite you to dance with them.

There are even more attractions for children underground – a marvelous interactive playground and a state-of-the-art multimedia exposition with the one and only underground 5D cinema worldwide!".

"Hidden Dimension" – the brand's new strategy required modern tools of marketing communication. Particular attention was given to the brand's new website.

* [source: <http://www.kopalnia.pl/zwiedzanie/kopalnia-dla-duzych-i-malych>

A Brief for the Interactive Agency

The agency received a brief which included the main task: creating and strengthening the "Wieliczka" Salt Mine new image, based on the

brand's new strategy expressed in the "HIDDEN DIMENSION" positioning. The main challenges for the agency were:

- Generating user engagement and enticing users to visit the mine through a multi-sensual experience of what can be expected during a "real" visit.
- Highlighting the advantages of the Tourist Route, which is the main attraction because of its atmosphere and emotions every tourist can feel while visiting.
- Ensuring the "Wieliczka" brand visibility in the news, media, blogs, as well as in marketing, interactive and tourism-related forums.

Strategy

- **Defining the main insights.** The insights can be divided into three groups, depending on the three different target groups; each of them perceives the "Wieliczka" mine and its heritage in a certain way:
- Most Poles: *Wieliczka is a very old mine in Poland, I learnt about it at school. Now I don't remember too much though...*
- Family: *I like to actively spend time with my family. We constantly search for new attractions. During the next long weekend my children and I are going to visit the Copernicus Science Center in Warsaw.*
- Abroad: *Poland? I've heard that Krakow is a nice city, particularly in the evenings 😊.*
- **Quality research.** In order to find a tactical insight, online interviews with potential consumers were conducted. The Internet users have heard about "Wieliczka" (all of them learnt about it at school). However, most of them were not aware of the underground Tourist Route; in their eyes Wieliczka was just another museum. When pictures of the underground route were presented to them, they were amazed and declared they would definitely like to see it in person.
- **Recipients' desired reaction.** Eventually, the strategy for developing a new website was based on the necessity to provide as realistic emotions as possible, close to those everyone can experience while visiting the mine. The new website was supposed to delight and entice the Internet users to visit the mine in real life – *I didn't know it's so beautiful there!*
- **Strategic Idea.** "Wieliczka" is a treasure. Even if only a little part of it is shown, everyone wants to see more. Partially revealing the

mystery to the users of the Internet and mobile devices and showing them what they can expect while taking the underground route results in the need to explore the mystery in depth.

- **Gaming competition.** Introducing an engagement-increasing element. Presenting an image of the underground route that looks as realistic as possible to Internet users is a peek into the real underground world. During this virtual journey every user is inspired to take a closer look at the chambers and to pay attention to every detail; the atmosphere of its uniqueness and mysteriousness is enhanced. Revealing the mine's secrets fires one's imagination and quickly turns into a desire to explore the salty underground in real life where users can discover the mine's biggest secrets.

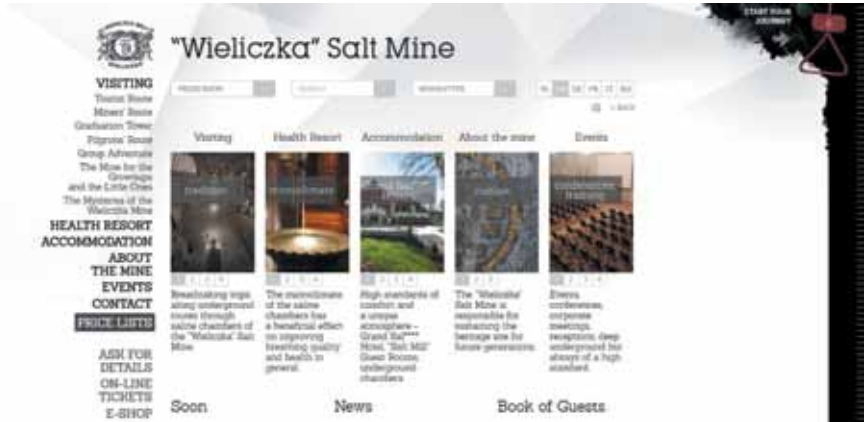
Creative Concept

The new concept of the brand's communication was based on the idea of presenting the mine as a mysterious, must-explore spot where everyone can experience some exciting adventures.

Inspired, we used some facts which put together created a cohesive image. Hidden dimension, mystery, thrill on the one hand and on the other – the modern and refreshed image that the organization expected.

We decided on a non-standard interaction with the Internet users on the website. We wanted it to be something to revive the image of the mine and make the Internet users want to click. Moreover, we decided to meet the expectations of mobile app enthusiasts – young people in particular appreciate fancy applications. This is especially true, considering that this application can be used not only at home for pure entertainment but it can also be a useful tool during the underground visit.

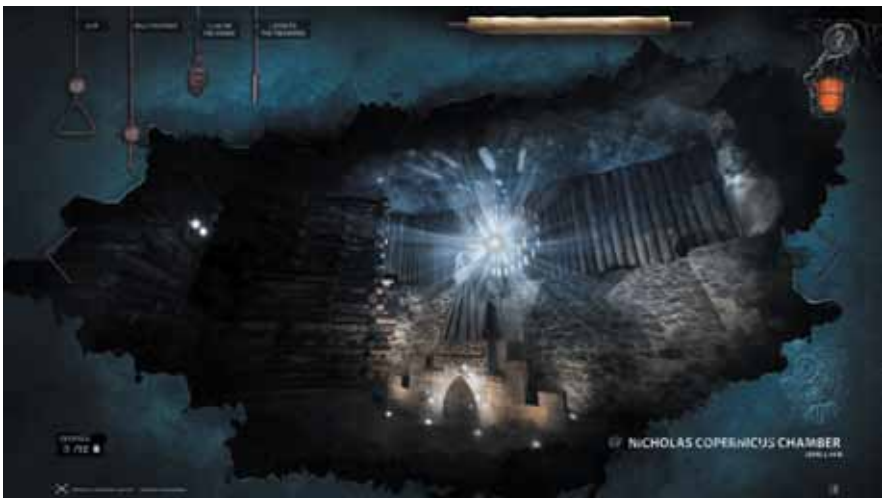
The new website www.kopalnia.pl developed by us, became the new virtual “face” of the “Wieliczka” mine. The light side of the homepage provides the most important information about sightseeing, the offered products, attractions and events. Also, Internet users can find some interesting facts here in the form of infographics. There is also a blog (including recipes of the underground chefs), videoconferences recorded by tourists who already visited the mine, and a Guest Book. A long and extensive history of the Wieliczka underground is presented on a timeline which is easy to navigate. A brand new e-commerce shop offers salt in many forms, interesting publications, souvenirs and elegant gift sets.



This unforgettable adventure that can be experienced without leaving the house is unique. You only need to discover the “mysterious side of the force”.

The entrance to the Mine is hidden on the dark side of the website. It is a surprise for tourists who don't expect anything. A fascinating journey to the Earth's depth is just one click away. The Treasurer, also called the Good Spirit of the Mine guides us through chosen chambers, spinning a compelling tale. There are panoramic views, animations and videos we put deep underground; they perfectly reflect the mine's mysterious atmosphere.

We didn't forget about users who are hungry for adventure. Treasure hunters can try to open the Secret Chamber by collecting little glowing salt crystals hidden in the dark corners of the meandering corridors.



The underground adventure is a captivating game on the one hand, and on the other – a Mine guide.

In order to refresh the Mine's image, also a simulation of the Mine's atmosphere was created. It was a mobile application – a good reason to appear on many forums and blogs dedicated to applications, media and marketing.

Mobile Application

Applications for tablets and smartphones with Android and IOS systems were developed.

During the promotional campaign we emphasized the Mine's new positioning using a modern way of communication. Non-standard press releases were sent out to the media. Journalists and bloggers received mysterious letters with a salt crystal and an invitation to explore the underground in order to find out more.

The application is an interactive, multi-media journey into the depths of the historic mine. The adventurous and mysterious effect was a result of putting together a fairy-tail world (represented by the story-teller – Wieliczka's Treasurer) and a realistic experience for the visitors. 360° spherical panoramas provide excellent views of the mine's interior. The virtual walk through the meandering corridors of the mine is very exciting, intriguing, enticing, and promises an unforgettable atmosphere that can be experienced while visiting the salty underground in real life.

The application offers two different modes: "tourist" – where one can get familiar with the history of this place; and "adventurous" – by collecting salt crystals one can open the secret, hidden chamber. By adding this competitive element every user is inspired to pay attention to details; the atmosphere of the mine's uniqueness and mysteriousness is enhanced.

To promote the application we used a mix of buzz marketing and PR communication elements; Direct Mail – we sent a gadget (a pouch of salt) to bloggers and opinion leaders and a personalized ticket with a QR code which after scanning enabled downloading and installing the application on mobile devices.

Thanks to its beautiful and effective graphics and interactive panoramic views of the stunning salty undergrounds, along with an interesting adventure based on the Wieliczka guide stories, the Salt Mine is

truly unique. An ambient music which reflects the mysterious atmosphere of the Mine and rich multimedia perfectly complement the application's features.

The Salt Mine application is very easy to handle, which is the effect of a long and intensive testing process. The creators' goal was to achieve an optimal level of application intuitiveness. A level at which anyone who uses a tablet for the first time knows exactly what to do "next".



The Results

We didn't have to wait long for press feedback. Within the first two weeks as many as 44 articles enticing to "visit Wieliczka through your phone or tablet" were published. Wieliczka's charm enchanted, among others, the magazines Newsweek and Wprost. Publications also appeared in the local media as well as on websites and blogs reviewing applications.

It didn't take long for our application to become very popular among Internet users from all over the world. We were able to engage them and entice to interact. The average time of visits increased up to 5:06 minutes. As we predicted, the dark side evoked the desired emotions – users explored the Mine for over 9 minutes. Till today, around 1.8 million web-

site unique users have generated over 13 million visits, and the application for mobile devices was downloaded 9,400 times.

Our effort was positively received by our business sector. On the first day on FileDir.com, which reviews the best quality applications, our application was given the maximum number of stars by the Reviewer's Choice. On the 3rd of October 2012, the application was awarded the Mobile of the Day title. IAB Poland awarded our App in the MIXX Awards 2012. Our project also appeared on Creative Sandbox by Google, which presents the best solutions that are both creative and innovative.

Application statistics:*

- Average time of usage: 7 minutes.
- The application has been downloaded 9,400 times by users from over 10 countries.
- 71% of users used the application at least twice.
- 40% of visits last longer than 3 minutes.
- 36% of users are Internet users from outside of Poland.
- Within two weeks since the invitations were sent out, as many as 44 publications appeared on news websites, blogs and forums.
- Information in the media, for example: gazeta.pl, newsweek.pl, onet.pl, tvp.info, wp.pl, wprost.pl, wyborcza.pl, PAP, brief.pl, epr.pl, go-mobi.pl, mediarun.pl, money.pl.
- Besides their blogs (antyapps.pl, Applecenter.pl, AppsBlog.pl, hatalska.com, mackozer.pl, mareknaruszewicz.blogspot.com), bloggers also posted their reviews and opinions in social media.
- Journalists and opinion leaders received their invitations through Facebook.com – over 600 redirections and 375 UU at www.kopalnia.pl/zapraszamy.

* [source: data as on the 4th of March 2015]

Grzegorz Mazurek, Kozminski University

Bank of Ideas BZWBK¹

Introduction

Implemented in February 2009, the *Bank of Ideas BZWBK* is a social networking service and is a unique platform in the Polish market addressed to both current and potential customers of the bank. The function and essence of its operation consist in an active involvement of these customers in a multidimensional and mutually advantageous cooperation with the organization. The goal of the cooperation is to support the bank in the development of new products and improvement of the present solutions (services, procedures, etc.).

The idea of the *Bank of Ideas BZWBK* was taken from the United States, where similar solutions of close cooperation between a company and its customers were adopted by such companies as Dell² and Starbucks³. However, the solution of BZWBK differs from the prototypes – it is more technologically advanced and allows for a considerably bigger interaction between the users. It is also a solution that is unique in Poland.

¹ Special acknowledgements to Mrs. Katarzyna Prus-Malinowska, Interactive Communications Manager in Bank Zachodni WBK, for making information available that contributed to this paper.

² www.ideastorm.com

³ <http://mystarbucksidea.force.com/>

Technological and functional assumptions – cooperation with an external partner by project implementation and development

From a technological point of view, the *Bank of Ideas BZWBK* is an Internet platform that is the result of cooperation between the BZWBK Direct Banking Department and the company Netguru, an expert in the implementation of e-marketing solutions.

The starting point for the undertaken actions within this project was monitoring the statements of Internet users – bank customers in forums, newsgroups and other Internet spaces where virtual communities that discuss topics associated with finances are active. For several months, the employees of the BZWBK Marketing Department analyzed pieces of information published by the bank's customers in the virtual environment. The content was verified in terms of its subject area, timeliness and reliability.

The conducted analyses demonstrated that the bank's customers who actively participate in the virtual environment not only indicate limits or even an incorrect construction of banking services but also mutually give advice regarding financial questions and express their opinion regarding a given banking service, its improvement and direction for its development. Thereby, a number of needs were identified that the new platform could meet.

At the stage of formulation and conceptualization of the *Bank of Ideas BZWBK* project it was assumed that among the bank's customers there is a group of people that would want to express their expectations and with their knowledge actively support the bank in the process of developing new products.

The service was created as a result of cooperation with the company Netguru, whose scope of activity comprises designing social networking services. Among the many concepts presented in the tender proceedings this one – according to the decision-makers – seemed to be the most innovative one and met the expectations of the bank. After accepting the so-called advanced design process, which gave this task a high priority within the organization, the implementation of the platform took approximately 6 months – the majority of works were realized remotely; the cooperation with contractors was based on virtual communication channels.

Over time, customer requirements have become bigger and bigger. Therefore, the service has been continuously modernized and improved. Improving the platform is simplified thanks to the Content Management System (CMS) named *Ruby on Rail*, which allows to:

- flexibly manage the content and functionality of the platform;
- perform work in the so-called distributed environment;
- remotely manage the project;
- divide the task of content updating between several people;
- introduce the acceptance of changes made in the platform in steps;
- operationally manage the platform by people who do not possess advanced knowledge in the field of information technology.

The *Bank of Ideas BZWBK* and its users have been developing simultaneously – customers possess more and more knowledge regarding banking issues and expect more advanced solutions. Modifications to the service are made on the basis of the employee and customer comments that are subject to further assessment of the decision-makers of the Bank and the representatives of the implementing company. Customers who are strongly involved in the operation of the platform try to improve not only the banking services but also the functionality and ergonomics of the platform.

The intra-organizational aspect

The implementation of this new platform of communication and cooperation with customers required the acceptance of the President of the institution. His decision was positive and the support of the Management Board for this innovative project was obtained. Despite fears within the organization that the platform would turn into an internet complaint service, this did not happen. The potential advantages of implementing this platform (e.g. the aforementioned product development, creation of a group of loyal customers, engaging customers to perform the role of bank partners, etc.) were considered to be extremely important for the bank and they outweighed the potential risk of failure.

Three employees of the bank are the administrators of the Bank of Ideas. However, only one of them is responsible for the day-to-day management that is essential for the correct operation of the platform. The so-called *Business Owners* of particular banking products and services are responsible for the implementation of ideas.

Involving customers in the bank's activities

The platform Bank of Ideas BZWBK is constructed in a manner that supports the interaction between customers making it as easy as pos-

sible and simplifying the cooperation between customers and the bank.

Customers who have become involved in the operation of the platform fairly quickly noticed that the ideas proposed by them are in fact analyzed and implemented – the development of the bank’s offer, being the result of customer activity and creativity, can be observed continuously. The engagement of the platform administrator allows the customers to notice that someone in the organization is taking care of their ideas and the activity of the bank is oriented at performing effective transformations of its offer. Implementations cause further willingness to interact. Even if changes are impossible, the user is informed of the reason why his/her idea was rejected, which also constitutes a manifestation of treating the customer as a partner who has equal rights.

The tools and applications available on the platform play an important role in encouraging the customers to get involved in its operation. They create the possibility for:

- expressing one’s opinion regarding banking services and products;
- a dialogue with representatives of the bank regarding reported comments and ideas;
- a discussion among the users regarding the value and application possibilities of the reported idea;
- an assessment of the reported ideas – which results in the creation of aggregate ranking lists of the best ideas;
- reporting ideas to improve the services, banking procedures, the functioning of the transaction-oriented system of the bank, etc.

Additionally, the customers can:

- add comments;
- vote on comments;
- follow the ideas;
- follow the categories within which new ideas appear;
- invite other customers to actively participate in the platform;
- report cases of regulations infringement.

The customers are also involved in the operations of the bank, e.g. they can report errors appearing in any information system (blog platforms, the Bank of Ideas BZWBK platform, the BZWBK corporate Website, the transaction-oriented services of online banking, etc.). Competitions are being organized on the platform all the time, which aim at additional involvement of customers, shaping their loyalty towards

the platform and stimulating them to report new ideas. The most active users of the service are invited by the Bank to:

- test new products and services;
- participate in a focus research study of the new version of BZWBK24 Internet;
- use – as first users – the mobile application of transaction-oriented services⁴.

Therefore, we can talk about real co-creation of value by the bank, its business partners (entities which participated in the creation of the platform and are still improving it), and especially the customers who actively cooperate with each other and with the bank on the basis of interactive tools, i.e. blogs, forums, external social networking services, etc. and therefore can exert influence on the further development of the company.

As Mrs. Katarzyna Prus-Malinowska, BZWBK Interactive Communications Manager, underlines – *“the co-creation of value with the customers has its justification not only in terms of shaping the relation between the customer and the bank, but also in terms of achieving particular economic effects. The impact of the project can be identified within the framework of the practical implementation of the concept of relationship marketing, but also as a real influence of the information and knowledge coming from the customers on the shape of the products and services offered by the bank. The bank can count not only on the involvement of customers during new implementations but also on highly content-related opinions after tests that constitute a hint of what should be corrected and improved before the actual launch”*.

Operation of the platform – management of the platform

Every customer who wants to report his/her idea describes it in the system after prior registration on the platform. The registration is tantamount to accepting the regulations of the platform, which specify the scope of powers and duties of the platform users and the platform owner,

⁴ These customers received phones from the bank allowing them to make payments by NFC and they reported their comments after the tests.

i.e. the Bank BZWBK. The regulations on the functioning of the platform state, among other things, the following:

- every user shall be registered in the system, the registration of an account is possible after prior establishment of a login, password, e-mail address and acceptance of the regulations;
- the user shall have full legal capacity;
- the user may individually make information of personal nature available;
- acceptance of the regulations by the user means inter alia that he/she declares that any proposed content, including personal data, presented by him/her in the *Bank of Ideas BZWBK* is true and infringe neither copyright nor moral rights.

A special team of the Marketing Department – referred to as the “Jury” – is responsible for the assessment of the reported ideas. The ideas with the best notes from customers or the most interesting ones from the point of view of the bank are taken into account. After a positive opinion, the idea is subject to internal consultation within the bank. After the acceptance and implementation of an idea reported by a customer, the Jury decides who should win the award and passes this information on to the customer.

The categories of ideas, within which the customers/platform users may report their ideas, are as follows:

- electronic banking BZWBK24;
- operation of branches of the bank;
- customer service for handicapped in the Bank;
- operation of telephone banking, ATMs, personal accounts, debit cards, credit, savings, insurances, offer for corporations;
- changes within the platform *Bank of Ideas BZWBK*.

The only person who is responsible for the interaction with users is the Administrator of the Bank of Ideas. He/she participates in the discussion and is responsible for a proper matching of the ideas to the respective categories, if the customer failed to perform this step correctly. Other tasks of the Administrator include deleting ideas in case they are doubled, submitting ideas for analysis to particular bank entities and making sure that a relevant content-oriented level of the ideas and comments is maintained. A built-in filter for vulgarisms and bulk content (*spam*) constitutes additional support for content management. The

Administrator has the authority to grant statuses for reported ideas, which is presented in the table below.

Table 1. A division of the categories of ideas that were reported and successfully implemented is presented in the following table

Status	Details (how this status is described/defined)	Number of reported ideas
being implemented	works within the Bank aiming to implement the idea are in progress	17
being consulted in the Bank	the idea was passed to an appropriate entity that conducts its analysis	13
implemented	the idea was implemented	309
partially implemented	one element of the idea was implemented	28
rejected	the Bank does not plan to implement the idea	35
is already functioning	the idea had been already implemented before submission	127

Source: information of BZWBK.

Table 2. Examples of reported ideas with a particular status

Status	Examples
being implemented	presenting the current limit of transfers
being consulted in the Bank	alternative to SMS codes – transaction authorization method
implemented	bank balance in mobile version
partially implemented	bank limit + credit card „na Klik“ (“on Click”)
rejected	picture CREDIT FOR COMPANIES
is already functioning	free Alert24 for e-mail

Source: information of BZWBK.

Promotion of the platform

Promotional activities have been undertaken only among the customers of the bank. These consist in placing advertisements on the websites of

the transaction-oriented platform of the e-bank as well as on other websites of BZWBK. Every year internal banner campaigns are conducted, which build awareness of the existence of the *Bank of Ideas BZWBK*. A tab with all the newest data and changes on the platform is also available on Facebook – on the fanpage of Bank Zachodni BZWBK. The users of this service can also use *Facebook Connect*, which allows for sharing the proposed ideas. The use of this function is not yet common – the community of the service is rather oriented at internal interactions, i.e. the creation of a community with other customers of the bank on the basis of the initial platform.

Promotion of the service outside the bank and its customers is conducted mainly through recommendations of the customers themselves and – which might be treated as an element of *public relations* – with the use of both traditional and virtual media. The uniqueness of the idea of the platform and its effective operation contribute to the process of shaping the popularity of this idea and therefore building awareness of its operation among a large group of not only customers but also e-marketing experts.

Results

The reported results and improvements are associated with the majority of banking service and product areas that are currently offered in the market. Such a wide range of reported ideas constitutes yet another proof of great customer involvement and knowledge regarding the bank's operations and the opportunities created by it. The bank continuously observes the reported ideas, defines the possibilities of their implementation and in case they are actually implemented, the bank gives updated information on this process via the platform.

Active involvement of users delivers real effects for the bank's operations – within a 30-month period:

- 5,751 users registered in the system;
- 3,166 ideas were reported;
- 8,030 comments to reported ideas were posted.

The fact that the average number of visits amounts to 30 thousand monthly proves that the majority of customers, without reporting ideas or comments, continuously checks if new ideas are added and which

ideas are implemented by the bank or the bank plans to implement. An average visit on the portal exceeds 2 minutes. During this time the user browses 3 subpages on average, mainly focusing on new ideas and latest implementations.

Summary

Building virtual customer communities on the basis of a brand platform is a huge challenge – but the benefits of this solution, especially of the implementation of crowdsourcing, are considerable – both for the brand and the customer. Just to name a few benefits: strengthening of the relation between the company and its customers, the development of products and services, the reduction of operating costs, gathering valuable information, and giving the organization a source of widely understood inspiration. As concluded by Mrs. Katarzyna Prus-Malinowska, BZWBK Interactive Communications Manager: *“moreover, it is worth emphasizing that through the Bank of Ideas BZWBK, the Bank showed that it is modern, courageous, pioneering and open to its customers who are treated as partners. It uses their potential and in return offers a higher quality of services. I am glad that this project, which I am a part of since its launch, has become a manifestation of a real and mutually advantageous cooperation between the bank and its customers”*.

Partner Program – Extranet 2.0

Project background

Implemented in February 2008, the Partner project is an extranet platform with a broad scope of informational, relational, transactional and social features for mobile device sellers in Poland offered by one of the key market players. The platform is intended to engage partners in a cooperation with the brand on multiple levels, assuring financial advantages and long-term tangible benefits. The platform aims at:

- providing the sellers with knowledge regarding the products in offer;
- equipping them with a set of tools for contacting clients;
- providing support for promotional activity;
- delivering digital products that may be used to increase sales of brand products (e.g. online banners and ad boxes, information shared in the form of files and multi-criteria browsers, knowledge shared in webinars etc.);
- granting access to promotional activities available exclusively in the virtual environment;
- acquiring knowledge from partners and making decisions based on the knowledge of crowdsourcing partners;
- integrating the group of professional sellers of mobile devices.

Partner is a globally implemented solution. However, as local entities are relatively autonomous in developing their own solutions, the ap-

plication created for the Polish market incorporates many ideas based on the Web 2.0 concept.

The creation of the platform was initiated by a mobile device manufacturer. However, preparing the specifications (background and operation details) and the infrastructure as well as the implementation and ongoing management of the platform was entrusted to an interactive agency specializing in designing solutions of this type. The agency works with a range of entities involved in analyzing data, determining the directions for platform improvements or conducting audit activities. The platform has been designed, tested and modified by project teams that – often working remotely in distributed and virtual environments – consisted of representatives of the agency, the manufacturer and external advisors.

Mechanism of action – value creation

An essential part of the project was the use of tools and applications for supporting personal and machine (automated) interactions. Personal interactions have been used for generating information and knowledge resources on the basis of social networks, such as blogs, discussion groups, webinars etc. Machine interactions and related technological tools have been used for reducing the costs of standard operations and procedures related to marketing communication, e.g. e-mailings, online advisors (Internet bots) or online surveys.

The implementation of the project was preceded by conducting research to identify potential clients. Considering their goals and the intentions of the manufacturer, the prospective clients were grouped into four categories:

- **experts** – used for conducting projects based on the *crowdsourcing* concept, including resolving problems and challenges faced by the marketing experts of the project initiator. The manufacturer set the following requirements for this group:
 - support in making marketing decisions (e.g. choosing strategic products for the Polish market);
 - sharing expert knowledge sourced directly from the market (from clients);
 - giving an opinion regarding the marketing mix applied by the company for the Polish market.
- **professionals** – by focusing on certain benefits which may be derived from cooperating with the brand, they use a range of applications sup-

- porting sales increase. The manufacturer set the following objectives for this target group: building relationships with the brand, sales increase, broadening the knowledge regarding products, collecting information regarding the marketing mix from partners, clients and clients' opinions.
- **aspiring** – by using a part of the available tools, they will be focused on specific advantages of cooperating with the manufacturer – rewards for generating high levels of activity within the platform. As a consequence of cooperating with this target group, the manufacturer aims at increasing sales, acquiring information and conducting joint promotional activities.
 - **skeptics** – will occasionally use the platform, mainly for conducting ongoing promotional activities, i.e. ordering leaflets or other POS materials. Cooperation with this group should, among other things, strengthen the cooperation based on mutual advantages or increase sales as a result of using compensation mechanisms (incentive scheme).

The identification of the above-mentioned groups allowed for determining the types of applications that may be developed for every group as well as the advantages that the platform offers to group representatives, the brand and its products. The following table shows a list of the critical applications and advantages for the manufacturer and his partners.

Table 1. List of critical applications and advantages for the manufacturer and his partners after implementing the platform

Client of the platform	Critical applications	Advantages for the user-partner	Advantages for the brand – owner of the platform
Experts	Expert blog. Dedicated online advisor. Online surveys. Online interviews regarding the development of the extranet platform. Webinars ¹ .	Influence on the directions for the development of the brand and its products, influence on marketing instruments, sense of importance for the brand and its representatives, influence on the tools and applications the brand will share with partners to increase sales and intensify brand image.	Solving marketing problems using the knowledge and experiences of a broad spectrum of experts, engagement of the brand and partners in certain marketing activities and shaping marketing mix instruments ² .

¹ Interactive seminars, e-workshops based on streaming online (webcast), Internet-based e-learning applications.

² Experts are invited for product testing, focus group participation, conducting workshops and seminars for others.

Professionals	Online shop with promotional materials. Dedicated online advisor. Incentive scheme based on activity within the platform. Webinars.	Gaining support in selling products in reality. Gaining corporate and individual advantages from participating in the project. Influence on the development of the extranet project.	Increasing brand visibility in shops. Broadening seller's knowledge regarding brand product. Acquiring knowledge regarding gaps in information on products owned by sellers. Revealing problems and issues generated by clients and potential clients.
Aspiring	Incentive scheme. Quizzes on the knowledge of products. Websites for which additional points may be scored. Online shop with rewards.	Certain individual rewards for maintaining active contacts with the brand and its products, and strengthening the knowledge on the products.	Highly qualified seller with positive attitude towards the brand.
Skeptics	Online shop with promotional materials. Weekly e-mailing encouraging to use the platform. Quizzes on the knowledge of products. Downloading information regarding products.	Possibility to gain tools and knowledge allowing for completing day-to-day tasks and responsibilities.	Seller equipped with a set of tools providing support in selling products.

A starting point for the above-mentioned activities included online and phone interviews with the representatives of mobile device sellers in Poland and monitoring virtual expert groups in terms of the requirements for this platform. Internet resources (monitoring of expert groups) have been analyzed through *desk research* (analysis of the virtual environment in terms of requirements and assigned responsibilities), with non-participant observation.

The platform was developed on the basis of CMS. As a consequence, the company responsible for the ongoing system administration was able to perform its tasks in a fast and simple manner, which in turn allowed for carrying out other duties at the same time. Technological infrastructure (hardware), applications (CMS, e-mail, online chat, webinars, e-mailing systems, online surveys etc.) and broadly understood platform management have been made available through *cloud computing*. This allows for, among other things, managing the project remotely, in dis-

tributed environments, in every geographical location and without incurring additional costs for acquiring infrastructure elements.

Many platform management and development processes are based on network value creation. At the moment of launching the platform, promotional activities had been conducted via traditional channels, i.e. personal contacts of sales agents with partners, promotional activities during conferences the partners participated in as part of their responsibilities, telemarketing, e-mailing. Afterwards, those activities were replaced with recommendation mechanisms. Nowadays, the most effective way for gaining new partners are recommendations within expert groups and affiliate programs, where affiliates are existing program partners who are rewarded (scoring points that can be exchanged for rewards in online shops) for encouraging other partners to participate in the project, on the basis of *member gets member* mechanisms.

The Partner Program does not have an equivalent or superstructure in the form of traditional (real-time) activities. The concept, logics and functions of the program are based exclusively on the virtual environment. The implementation of many Web 2.0 mechanisms, e.g. associated with generating ideas for platform improvements, dynamic reconfiguration of a part of its functions or effectiveness of activities and applications enabling partner self-service, led to a situation where online activities of several thousands of partners were administrated by one person located within the organizational structures of the contracting company. These days, the platform is being supplemented with e-commerce and CRM system elements, which allow for a specific integration of marketing and selling activities in the virtual environment.

From the point of view of the mobile device manufacturer, the platform delivers the following critical advantages:

- marketing challenges can be coped with in cooperation with entities having expert marketing knowledge as well as knowledge regarding the activities of other entities, including clients and competitors;
- the platform can be constantly improved not on the basis of its own, expensive R&D team, but information generated on an ongoing and cyclical basis by the users who at the same time are assessing the level of satisfaction in terms of using the platform and its respective elements;
- many activities associated with, for example, sales support or delivering up-to-date product information can be automated, which leads to considerable cost reductions in terms of partner service, without decreasing their satisfaction.

Results

After three years of functioning of the platform, the following results have been achieved:

- around 3,400 registered users of the system around the country;
- around 120 persons identified as experts actively engaging in projects important for the manufacturer's marketing department, i.e. focus groups, testing products and applications, participating in online research, conducting webinars and online chats;
- on average 40 downloads per week of materials that are essential for encouraging final clients to buy products;
- weekly e-mailings sent out to partners result in a click-through rate of at least 40% – definitely an exceptional result;
- users supported the brand in at least 12 strategic issues;
- users identified a range of problems related to software, service procedures, guarantee issues, etc., which allowed for avoiding potential crisis situations;
- information regarding client needs and opinions gained from partners is regarded as extremely valuable and useful for the manufacturer's marketing department;
- the concept and model of engaging partners is implemented also for other projects of this globally operating company.

Summary

Extranet platforms are very often used as a forum for exchanging information between business partners. However, this platform is unique as network tools have been used in a much broader and more advanced process:

- practically full virtualization of B2B marketing activities between the company and its business partners;
- knowledge and experience of partners is used by the company for decision-making regarding, for example, promotional budget allocation, the strategic approach to selected products or developing marketing activities;
- the virtual platform is used as a catalyst for activities performed by partners in the real world – tools, activities and applications shared within the platform provide support for partners in their selling and promotional activities in reality;

- network project management – entrusting a third party, i.e. interactive agency, with the ongoing management and development of the platform with company partners. The company, i.e. project initiator, focuses only on generating decisive problems and processing the gained information into unique marketing knowledge;
- automated activities and giving the users as much as possible control over the platform – the efforts of the interactive agency in terms of developing and administrating the platform are relatively small (the person responsible for those tasks also performs other functions and activities within the organization). As a result, the costs of the day-to-day running of the platform are relatively low.

Aleksandra Przegalińska, Kozminski University

Prometheus – A Transmedia Campaign

Background of the project

What is transmedia storytelling?

This case study describes the media and online campaign prepared for the purpose of promoting Ridley Scott's movie *Prometheus*. The campaign, which was based on transmedia storytelling, was extremely well-constructed and successful. Transmedia storytelling (also known as transmedia narrative or multiplatform storytelling) is the technique of telling a single story or story-related experience across multiple platforms and formats using current digital technologies. The first attempts to create transmedia stories, when the term was not even coined yet, date back to Steven Spielberg's movie *Jurassic Park* (1993). Spielberg took the first steps to engaging users by not limiting himself to the movie and its promotion, but making the story last and continue on other platforms.

The concepts of transmedia narrative and transmedia storytelling emerged with the rise of cultural convergence. Henry Jenkins first presented the idea of transmedia storytelling in 2003 in the *MIT Technology Review Magazine*¹. In the process of migrating to “transmedia-

¹ Later on, Jenkins (2010) noticed that different authors have different understandings. He warns that the term „transmedia” per se means „across media” and may be applied to superficially similar, but different phenomena. In particular, the concept of „transmedia storytelling” should not to be confused with traditional cross-platform „transmedia”.

lity”² we are dealing with a continuous circulation of content, which results in the story being repeated through a variety of media. Consumers get the possibility to choose between different forms of the story, and this proactive attitude motivates them to actively participate in the fictional world. Transmedia storytelling is a more integrated approach to brand development compared to traditional models, which are based solely on the source texts. Anna Wróblewska gives the following definition of transmedia story:

“We can define transmedia as projects that use a variety of media platforms, both in the field of new media and traditional channels of communication. Transmedia distinguish themselves from the usual interactive projects mainly in the fact that each new medium contains new content, and the different stories told in all of them are combined in a harmonious, non-contradictory whole. Transmedia projects contain a lot of subjectivity, allowing for storytelling from many points of view. As a whole, therefore, a transmedia project consists of: film, games, books, websites, and social media sites, but also the offline world: urban games, concerts, and even theme parks.”³

Transmedia branding

Currently, large brands benefit from the abundant opportunities offered by transmedia storytelling. Examples of successful transmedia campaigns include: Toshiba, Intel & *The Beauty Inside*⁴ (Grand Prix, Branded Content, Cannes Lions 2013) and MyDSL *Screen Age Love Story*⁵ (Gold, Branded Content, Cannes Lions 2013). Other good examples of very innovative and somewhat futuristic transmedia campaigns are: Audi 3 in the US, and the Old Spice campaign called *Daybreak*⁶ developed for AT & T, showing 5 online videos, two websites and an independent mobile application. Coca-Cola also opted for presenting their product using a transmedia campaign (*Liquid Content*⁷). Yet another successful

² Changing traditional content into transmedia stories.

³ See also: audiowizualni.pl

⁴ See also: <https://www.youtube.com/watch?v=XcfEC2jd2po>

⁵ See also: <https://www.youtube.com/watch?v=KgE9099M35k>

⁶ See also: <https://www.youtube.com/watch?v=q6m-JB4Zpww>

⁷ See also: https://www.youtube.com/watch?v=LerdMmWjU_E and <http://www.toprankblog.com/2013/09/content-2020-coca-colas-content-strategy/>

transmedia project was recently created for Dove. The campaign called *Real Beauty*⁸ was created by Ogilvy Brasil. Such campaigns use guerrilla methods, word of mouth and user's activity on social media, mainly Facebook, Twitter and Instagram. The aim of this campaign was to create a public, yet intimate dialogue with the fans. In all of the above quoted cases this goal of long-term engagement of fans has been achieved.

Transmedia and the blogosphere

Transmedia is a great approach to presenting content for many bloggers and v-loggers who are experimenting with different media channels in order to share their stories. Polish examples include the blogger "LekkoStronniczy" who, in addition to LekkoStronniczy.tv⁹, had his own radio show on SoundCloud and a music+gossip program on Orange's website, as well as many other social media profiles. Despite the fairly substantial differences in content, LekkoStronniczy's story is consistent. Having said that, one should notice that creating a consistent multi-media story is an extremely difficult task and, in many cases, it fails. Many bloggers create different content in different media, and the final result of their efforts is a general public impression that these different people tell different stories that cannot be linked. Intensive web presence and the creation of diverse content should not, however, be confused with transmedia. An often cited example is the case of Dorota Kaminska's project *Positive Kitchen*¹⁰, with lots of parallel brands, such as *dorota.in*, *dorotakaminska*, *pozytywnakuchnia*, etc., which by no means build a transmedia whole. Positive examples of transmedia create a coherent story. For example, over the years Maciek "Mediafun" Budzich has built his consistent story on *Podróżniczy*¹¹, a huge ecosystem of projects related to the concept of traveling (by countries, by topics, etc.) Other examples of successful, international

⁸ See also: <http://www.adweek.com/news/advertising-branding/doves-real-beauty-sketches-earns-ogilvy-brazil-titanium-grand-prix-150587>

⁹ See also: <http://lekkostronniczy.tv/>

¹⁰ See also: <http://www.en.centraleuropeaninformation.com/education/pozytywnakuchnia.pl/>

¹¹ See also: <http://podroznicy.com/pl/>

mainstream transmedia projects are *Top Chef: Last Chance Kitchen*¹² and *Club Psych: Hashtag Killer*.¹³

Prometheus

Prometheus is an example of a very carefully constructed transmedia campaign, which won gold in the category of Branded Content at Cannes Lions 2013. The campaign began with a viral video¹⁴ presented as TED 2023¹⁵, in which the owner of a fictional Weyland Corporation presented his ideas on the future development of androids. This video was created by Ridley Scott and his screenwriter, Scott Damon Lindelof (famous for screenwriting for such hits as *Lost* and *Star Trek*). Scott and his team also established a fully-blown website for Weyland Industries¹⁶, a company very-well known to all the die-hard fans of the *Alien* series. The corporation was founded by Charles Bishop Weyland, whom the audience already met in *Alien vs. Predator*. From the viral video we find out that Charles Bishop Weyland was succeeded by Peter Weyland (Guy Pearce). Peter Weyland is presented very realistically as an American entrepreneur, venture capitalist and hedge fund manager, futurist and enthusiast of further technological development of humanity. In addition to the video, the Weyland Industries website (www.weylandindustries.com) provides a lot of interesting material concerning the corporation, its further plans, its shareholders and its investments. More interestingly, the webpage invites visitors to become co-investors of the current flagship project: discovering the origins of humanity. In this TED 2023 speech Peter Weyland says that now, after many centuries of laborious and toilsome development, people have finally become gods; they reached a stage where there are no limits to their aspirations. They are able to solve all humanity's problems and secrets, and are ready to start occupying cosmic space.

¹² See also: <http://www.bravotv.com/top-chef/season-10/videos/last-chance-kitchen-season-10>

¹³ See also: http://htk.clubpsych.usanetwork.com/story_assets/HTK/index.html

¹⁴ See also: http://www.forbes.com/fdc/welcome_mjx.shtml

¹⁵ See also: <http://www.youtube.com/watch?v=nMp8DN8UwiQ>

¹⁶ See also: <http://www.weylandindustries.com/>

The TED 2013 viral video quickly became a subject of online articles and discussions on the social media. It was provocative and very realistically crafted – undoubtedly a masterpiece of transmedia campaign. The video completely perturbed the traditional convention of movie trailers. Instead of presenting a brief of what we will see in the video, Weyland’s speech added additional information and contexts, allowing fans for a greater immersion into the world of Ridley Scott’s story.

Moreover, during the annual WonderCon gathering Weyland Industries staff also handed out their business cards to others attending the event. Fans who received business cards were led to the next part of the story entitled *Big Things Have Small Beginnings* on YouTube. After logging in on the website fans also received a viral video about the latest product: the groundbreaking android *David 8*¹⁷, later on openly released on Youtube. This video and advertising of other products were also shown on Verizon FiOS TV and on popular portals such as Mashable technological innovations. Mashable also participated in a campaign informing about other products of the company and the future mission of “Prometheus”. In addition, on LinkedIn information appeared about vacancies in Weyland Industries, urgently seeking experts who could take part in the cosmic expedition. To pass the first stage of selection one needed to complete an online application that directed those who applied to Weyland’s website to further play online.

Subsequently, Scott decided to release a third viral video. In this video Dr. Shaw (one of the main movie characters played by Noomi Rapace) presented the Genesis¹⁸ project and asked scientists and science enthusiasts from around the world for help. Fans had to find artifacts that would track the planet of Engineers (in the movie presented as an alien species that created humans). The movie itself answered many questions posed to fans during the transmedia campaign, but also raised a lot of new ones. Some of them will be resolved in the next part of the series, announced for 2016.

¹⁷ See also: https://www.youtube.com/watch?v=tvXKN5Fz_OE

¹⁸ See also: www.WhatIs101112.com

Prometheus transmedia revolution – the principles of a successful transmedia campaign

The line between creation and marketing is disappearing:

For many media and digital world experts the TED 2023 viral video clearly showed that the boundaries between creative content and marketing are becoming blurry. All three promotional viral videos for *Prometheus* exceeded the two-hour movie narration, added a lot of detail, and gave rise to new interpretations of the movie. Thus, they became an essential part of *Prometheus*' success in creating an immersive entertaining experience. Since the beginning of the Internet, marketers of movies wanted to focus on new products and virals. Most of their efforts, however, did not bring any fruit, because the campaigns were created in isolation from the creative team of the movie, usually by outsourced independent companies. In many cases, the additional content, which was to promote and complement the movie, was basically completely inconsistent with it, which frustrated the fans. TED 2023 definitely changed this trend. The spot prepared by Scott and Lindelof and directed by Scott's son, Luke, fully corresponded with the tone of the movie, presenting a narration integrated with the movie, where the main characters, as well as his entire plan, are clearly and specifically introduced before watching the movie. This approach clearly shows the direction in which the entertainment industry will develop in general, and digital campaigns in particular.

A successful transmedia campaign is immersive:

TED 2023 engages audiences on many levels. Both the enthusiasts of Weyland's bold pseudo-scientific vision and the die-hard fans who are well-informed about all the details of the series can find something for themselves. Those who are not familiar with the cycle of Ridley Scott may get interested in the concept and mythology of *Prometheus*. Even those who find it difficult to engage in this type of immersive experience, learn about the movie from it. And of course, there is also a whole group of people who will believe that Weyland Industries actually exists, operates and recruits.

Marketing is the extension of the story:

Most brands already know that the traditional marketing and advertising industry does not translate 1:1 to the digital world. An excellent

example of this incompatibility is the majority of banners that are ignored. TED 2023 illustrates an alternative path for the network campaign combining transmedia content extensions, which is much more efficient. Transmedia take many forms, from webdocs, social gaming, to Facebook or Twitter. In many cases, the audience is highly responsive to invitations to co-create the entire virtual interactive world.

Challenge and Opportunity:

Transmedia allow advertising and marketing to become the art of storytelling. Stories generated by marketers must be compatible with the product that they support, but also innovative. This requires, of course, significant communicative effort between producers, agencies and the marketing team hired to conduct the campaign.

In 2010, the Producers Guild of America has decided to add a new category of professionals to their list. This was transmedia producer, responsible for all product extensions on transmedia online platforms, as well as for the communication between marketers, the gaming industry, online content creators and licensors. Marketers interested in creating value for their customers, especially in culture and entertainment, should consider hiring transmedia producers. TED 2023 is just the tip of the top of options.

Characteristics of transmedia stories

Span vs. drill: span means all possible media, on- and offline extensions of the main content, while the drill means finding among the audience the most active group of fans (although not necessarily the most faithful) who will pass the narration further.

Continuity vs. diversity: transmedia worlds must demonstrate continuity in different languages and on different platforms. For example, we expect that Indiana Jones will behave similarly in different parts of the series. We also expect that he will act the same way in a computer game. This continuity is accompanied by a diversity that allows you to create a seemingly incoherent narrative experience, which, however, is in many ways connected to the main narration/main product.

Immersion vs. extraction: transmedia stories almost always offer consumers the opportunity to immerse themselves in the world of the story. On the other hand, all the gadgets used in the promotion allow for the extraction of certain elements of the whole story and need to fit

the everyday experiences of the consumers. A specific type of extraction is called *inverted product-placement* (for instance, the Duff beer known from *The Simpsons*).

Creating virtual worlds: transmedia stories are meant to show the whole world a narrative, which requires the users/readers/fans to suspend judgment on this fictional world and immerse themselves in it as if it was real. The more detailed the transmedia world, the more effective the suspension of judgment. An example is the transmedia story about Sherlock Holmes, where the level of detail in the description of the habits, customs and the environment is downright incredible (see also: *The Network Sherlock* application¹⁹).

Create series: transmedia stories are generally open. It should be noted, however, that their serial production is not linear. They rather resemble a hypertextual network.²⁰

Subjectivity: in transmedia narration diverse and subjective points of view are quite common. Therefore, transmedia tend to strengthen polyphony, due to a lot of characters occurring in the world (for example in *Lost*²¹).

Performativity: consumers are very active in transmedia, some of them become prosumers (producers + consumers) and decide to create their own content, thus exceeding the limits of the transmedia world drawn by its creators (what would *Star Trek* be without *Trekkers*?).

All the above-mentioned features of the transmedia genre developed in time. Some of them, such as proactive die-hard fan communities, appeared already in the nineties. Gadgets by which media stories can penetrate our everyday lives are also not new, neither is presenting subjective points of view. However, only adding these features to the virtual world – a network that has no boundaries and whose elements are connected in a non-obvious way – led the way to creating an immersive transmedia experience. Undoubtedly, all these features are also found in *Prometheus*: from the performativity of recruiting employees to Weyland Industries to the openness of the *Alien* series, and numerous viral practices.

¹⁹ See also: <http://www.sherlockthenetwork.com/jointhenetwork/>

²⁰ Here I refer to a hypertext structure consisting of many passages communicating with each other through a number of links. It seems that precisely this term best describes the presentation and distribution of online content.

²¹ See also: <http://www.imdb.com/title/tt0411008/>

Results

The trailer of Prometheus, TED 2023, shown for the first time during the closing ceremony of WonderCon in Anaheim, California, gathered approx. 3 million viewers in just two days.

Transmedia projects related to Prometheus allowed to interact with the public on a large scale. Fans joined the Genesis project, shared their findings on social media, read about them in the context of technological innovations on Mashable and viewed the new android David 8 on television. Prometheus was elected “Campaign of the Year” in Great Britain (UK Online Campaign of the Year). Moreover, the transmedia campaign involved not only fans of Alien, or the sci-fi genre par excellence, but also the general public in the range between 15 and 45 years of age.

The futuristic design of the website, short films and video games are only half the story of Prometheus. The second half are the military uniforms and fictitious employees of Weyland Industries with business cards in a sans-serif font. All this contributed to the immersive experience appealing to fans. From the producer’s point of view, it was also important that it basically redefined the very character of return on investment (ROI). Furthermore, the Prometheus transmedia campaign allowed for the acquisition of a huge database of knowledge concerning the product target: its diverse audience.

Summary

People always needed a narrative story. In the fairly short but dynamic history of marketing and brand creation&management, this need has been perfectly understood. However, something has changed in the past few years. Never before have so many people used such a large number of different online platforms, where they were able to follow the same story from different angles and in different contexts. There has never been a history of so many possibilities for alterations meeting the needs of different devices, which gave another, often divergent experience. Storytelling went through a fundamental change. To tell amazing, immersive stories to the hyper-combined generation a few things seem essential:

- Liquid content, which may be distributed across multiple platforms.
- Different levels of stories adapted to the different levels of user involvement.

- Few levels of meta-narratives, which will all lead to the experience of the same story.

There are no doubts about the fact that in the near future we will observe a growth of interest in transmedia storytelling, both in the field of culture and entertainment, as well as PR, marketing and journalism.

What to compare Prometheus with?

(Other interesting international transmedia stories):

- BBC ONE: SHERLOCK <http://www.sherlockthenetwork.com/join-thenetwork/>
- AXN: HANNIBAL <http://www.axn.pl/programy/hannibal>
- CNN: THIRTY ONE-NIL <http://edition.cnn.com/SPORT/football/thirty-one-nil/chapter/0>
- FRANCE 4: NOUVELLES ECRITURES <http://nouvelles-ecritures.francetv.fr/>
- NYT: SNOW FALL <http://www.nytimes.com/projects/2012/snow-fall/#/?part=tunnel-creek>
- GW: WIOSNA NASZA <http://25lat.wyborcza.pl/>
- APLIKACJA MIEJSKA CINEMACITY <http://cinemacity.arte.tv/>

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<https://www.youtube.com/watch?v=q6m-JB4Zpwg>

<https://www.youtube.com/watch?v=KgE9099M35k>

https://www.youtube.com/watch?v=LerdMmWjU_E

<http://www.youtube.com/watch?v=nMp8DN8UwiQ>

https://www.youtube.com/watch?v=tvXKN5Fz_OE

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The Melon App, Quantified Self, and the Internet of Things

Background

A tracker is a small, wireless, wearable camera that includes a sensor that records activity such as the number of steps, distance traveled, calories burned, and the quality and quantity of sleep. There are dozens of different trackers. Trackers can be placed in a pocket or be pinned to any part of the garment (shoe, clothes, belt or as a pendant around the neck). In contrast to the old pedometers, which counted steps or calories burned, today's activity trackers automatically send data to the Internet to share and compare results with other community members.

These data are stored in the "cloud" and accessible from anywhere, at any time (on your computer, tablet or smartphone). This ensures an easier way to track your progress over time, and compare your results with those members of your community that use similar devices. We can treat the gathered data as a kind of record of the history of our lives. This record can be shown to one's GP or published on social media. Sharing one's own results with friends and community members can also become a means of finding motivation and support in achieving goals.

Tools, equipment, applications

Because we measure and analyze a wide variety of information on the market, we have many trackers and applications, specialized in various

aspects of care for health, recreation and activity. Trackers generally look like watches equipped with systems to measure activity and calories burned. The *Basis* tracker also measures the temperature of the skin, has a continuous measurement of the heart rate and number of sleepless hours. It automatically detects the difference between walking, running or cycling. The *Shine* tracker is probably one of the most “stylish” devices tracking physical activity. It is also the only tracker that can be used to track swimming as a physical activity (all trackers are waterproof, but almost none of them are able to measure swimming). The *Shine* tracker is very simple, but it has all the characteristics of a typical tracker: it measures activity, monitors calories burned and hours slept. It also shows the progress to date and compares it with the target set by the user. *Pulse* saves steps, total distance ran, calories burned, as well as total duration and quality of sleep. In contrast to many other active trackers, the device can also monitor heart rate and track changes over time. *Fitbit Force* is a brand new model of *Fitbit* for daily monitoring. Motivating the user to keep moving, it shows real-time statistics on the right wrist. It saves the amount of steps, distance traveled, calories burned, stairs climbed, and active minutes during the day. At night it will also track the stages of sleep and it has a vibrating alarm to wake up at the right time. Similarly, *Polar Loop* also calculates the calories burned and steps, and compares that against a fixed daily activity for a given monthly training plan. *Jawbone UP* is a complex, multi-functional gadget for fitness-tracking that records daily activity and effectiveness of sleep, and gentle vibrating on the wrist wakes the user up at the most convenient time, that is: in the appropriate phase of sleep. What distinguishes this tracker is the daily dose of additional interpretations and summaries associated with user data.

Quantification and Quantified Self

Quantification (quantificare ‘specify the amount’ of lat. *quantus* ‘= amount’ + ‘*facere*’ = ‘do’) is quantifying something that was first provided in a more descriptive manner. In economic terms, quantification defines a given phenomenon in terms of quantity. Logically, quantification consists in adding a quantifier to a sentence. Quantification may apply to many areas of life, both professional and private, such as: time management, travel, communication (especially in social media), as well as health, sports, recreation and general well-being.

In the past, the costs of precise quantification by far exceeded the capabilities of individuals. Quantification was a form of analytical work carried out for the needs of large organizations, not individual customers or users. However, currently due to the rapid development of various technologies, including wearables, the analysis of data and its visualization, as well collection and management have become much cheaper, and thus more common. Quantification began in the health and recreation sector. Here, too, testing by means of biomarkers as well as other health parameters, for a long time, was not available to anyone but specialists (doctors). The breakthrough came with heart rate monitors, pulsometers and telemedicine (remote diagnosis), where worn or handheld devices wirelessly transmitted data to doctors. This change in the method of monitoring and diagnosing health matters was possible thanks to a series of phenomena, such as the popularity of social media and new technological discoveries, such as genome – the sequencing and development of tools for bio-monitoring. The first prototypes of devices to quantify oneself were created as early as in 1996¹. Subsequently, new websites emerged equipped with tools that allow for capturing, storing and manipulating data, such as IBM's ManyEyes², Swivel³ and Flowing-Data⁴. The number of such tools is growing all the time, along with the growing appetite of customers for access to the abundance of data they offer. Many people are interested in this fairly objectified way to analyze practices of taking care of oneself. Such analyses can measure the level of insulin and cortisol, but also DNA sequence. Supported by appropriate visualization as well as social collaboration and competition mechanisms, quantification has become a significant factor in changing the lifestyles of many people that have become highly motivated to exercise or go on a diet.

In recent times, at least two global communities have emerged that focus on quantification as well as sharing the results and methods of using tracking tools available on the market. In the second half of 2008 Quantified Self⁵ emerged in the U.S., primarily in San Francisco. Home-

¹ In 1996 ECG / EEG / EVG with digital lens, and Digital Eye Glass sensing the movement of the wearer were introduced to the market.

² <http://manyeyes.alphaworks.ibm.com/manyeyes>

³ <http://www.swivel.com>

⁴ <http://flowingdata.com>

⁵ www.quantifiedself.com

Camp⁶ became active in London. DIYgenomics, PatientsLikeMe, and Genomera followed. The Quantified Self community is a very fast growing movement, where healthy lifestyle enthusiasts and patients come together to talk about how new technologies can support their health, fitness and general well-being. In July 2014 the community of Quantified Self consisted of 105 groups that met regularly in different parts of the world with thousands of participants.

The Quantified Self movement is trying to incorporate technologies that collect a variety of information about the current psychophysical state of the user. This data can be either of a numeric character or subjective (food consumed, quality of the inhaled air, etc.), and at a certain scale. Monitoring of this type, combined with wearing devices such as EEG and ECG, was also known as lifelogging. Later other terms, such as: “self-tracking”, “auto-analytics”, “body hacking”, “self-quantifying” or “Humanistic Intelligence”, were coined.

The very term “Quantified Self” was probably coined for the first time by the editors of Wired magazine, Gary Wolf and Kevin Kelly, in San Francisco in 2007. They defined it as a collaboration of users and developers interested in self-knowledge achieved through such measurements working on new measurement tools. In 2010, Wolf talked about the movement at TED, and in May 2011 the first official Quantified Self conference was held in Mountain View, California. Wolf then suggested that companies seek and use data from smartphones, computers and credit cards, but do not see that the same data can be used by the users themselves to cope with their medical problems, insomnia, diet, etc. Currently the global community of self-tracking consists of 100 groups in 34 countries around the world. The largest groups are gathered in San Francisco, New York, London and Boston (each of these cities has more than 1000 members).

With increased interest in tracking, more and more start-ups emerged offering their own ways of measuring specific forms of activity and building a community around such enthusiasts. Products such as Jawbone and Fitbit were already mentioned. However, measuring steps and calories burned turned out to be not enough. Currently, new products are designed to measure states of mind that are subtler, such as mood, concentration level, or the level of satisfaction with life. In recent times, quantification was also supplemented by gamification. Gamification is

⁶ <http://homecamp.org.uk>

the use of game thinking and game mechanics in non-game contexts to engage users in solving problems and increase their involvement. Those mechanisms are based on the pleasure that comes from overcoming obstacles, achieving next levels as well as challenges, competition, and cooperation.

Many tracking technologies are compatible with each other, so that one can compare the results with others. These technologies allow for integration with other applications. This way the user gets a clearer picture of his or her own patterns of health care and training goals. This compatibility of trackers takes us into the realm of the Internet of Things (IoT), a concept according to which uniquely identifiable things may directly or indirectly collect, process or exchange data over the network. Things, in the IoT, can refer to a wide variety of devices, such as heart monitoring implants, biochip transponders on farm animals, automobiles with built-in sensors, or field operation devices that assist fire-fighters in search and rescue. Current market examples include smart thermostat systems and washers/dryers that utilize Wi-Fi for remote monitoring. Due to the growing interest in the Internet of Things, many experts predict the “Internet of Everything”: a network of all people, processes, data and things connected to the Internet. In a seminal 2009 article for RFID journal “that ‘Internet of Things’ thing”, Ashton made the following assessment:

“Today computers – and, therefore, the Internet – are almost wholly dependent on human beings for information. Nearly all of the roughly 50 petabytes (a petabyte is 1,024 terabytes) of data available on the Internet were first captured and created by human beings – by typing, pressing a record button, taking a digital picture, or scanning a bar code. Conventional diagrams of the Internet ... leave out the most numerous and important routers of all – people. The problem is, people have limited time, attention and accuracy – all of which means they are not very good at capturing data about things in the real world. And that’s a big deal. We’re physical, and so is our environment... You can’t eat bits, burn them to stay warm or put them in your gas tank. Ideas and information are important, but things matter much more. Yet today’s information technology is so dependent on data originated by people that our computers know more about ideas than things. If we had computers that knew everything there was to know about things – using data they gathered without any help from us – we

would be able to track and count everything, and greatly reduce waste, loss and cost. We would know when things needed replacing, repairing or recalling, and whether they were fresh or past their best. The Internet of Things has the potential to change the world, just as the Internet did. Maybe even more so”.⁷

The Melon Mobile App

Melon⁸ is a device that allows one to track the level of concentration and activity of the mind during everyday tasks. Melon’s motto is: “Understand yourself. Learn differently”. Melon is a headband and a mobile application that measures the user’s focus when performing specific tasks. It also takes into account the context of what is currently happening in the user’s environment and his or her own emotions. The creators of Melon: Arye, Laura and Janus, call themselves specialists in human-centered design. They have combined their expertise in the field of cognitive neuroscience, computer science, monitoring, electrical engineering and product design to create a human-friendly design, sensitive and precise in measuring the level of focus during performances of almost any activity – playing instruments and dancing, learning, working, or even painting and yoga.

In Melon’s campaign on Kickstarter, currently the most popular crowdfunding website in the world, the creators of Melon turned to their potential users:

“Do you think your everyday life is chaotic, complex, difficult? We know the feeling very well, and that’s why we created the application Melon. We believe that when people improve their level of concentration and become more attentive, they’re increasing their productivity. We turn to you, because you can help us create the world’s first band to measure concentration. We also want to build an appropriate distribution model – it also needs funds.”

⁷ Kevin Ashton, “That ‘Internet of Things’ Thing”, RFID Journal, July 22, 2009.

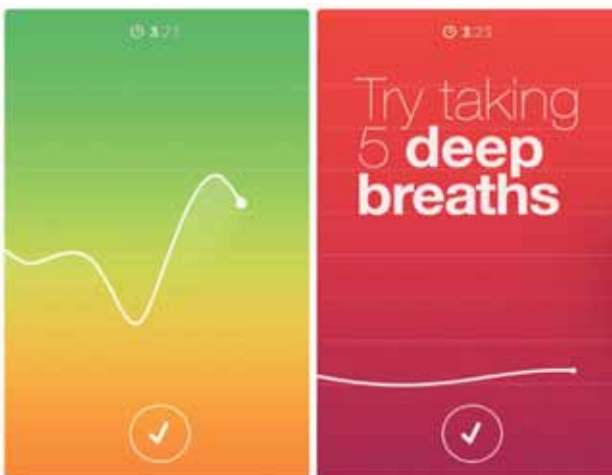
⁸ <http://www.thinkmelon.com/>

Melon uses electroencephalography (EEG) to measure brain activity. Melon's algorithms detect the level of concentration and provide data in a simple, attractive form.

The Functionality of Melon

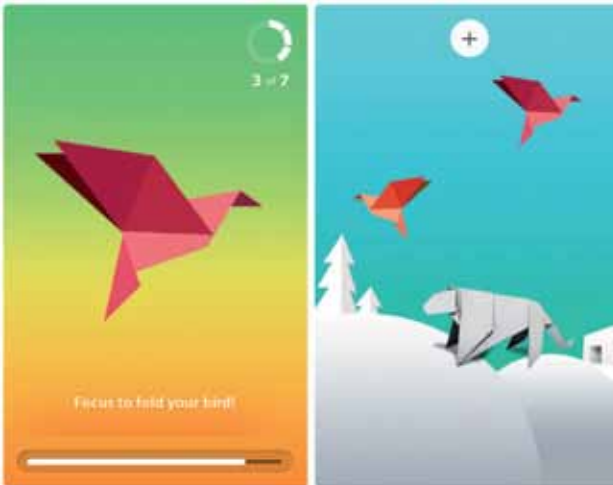


The above and below pictures show the application interface that allows tagging user activity. Melon emphasizes the immeasurable aspects of health, such as subjectively perceived well-being. They are tagged using descriptions, which then go to the cloud. Depending on the evaluation, the application interface also changes colors.





Melon learns with every piece of information it gets from the user. It can also offer personalized solutions when the concentration level drops. Melon also offers gamification elements, e.g. virtual Origami. The higher the level of user focus, the greater his/her chances to create more complex designs.



The Architecture of Melon

The electroencephalograph placed in the Melon band is a device that records the electrical signals recorded simultaneously at different points of the scalp. These signals express rhythms and phases also called brain waves, or electrical vibration with a frequency that does not exceed

0.5–35 Hz. They indicate the distribution of sources of electromagnetic waves inside the brain. The relationships between the graphs allow us to characterize brain waves, and this interpretation is used for diagnostic purposes. Electrodes are placed mainly in the front part of the skull, mainly in the forebrain, which allows for examining activity in the prefrontal cortex. By partnering with the company NeuroSky, which produces portable EEG devices, Melon has access to such solutions as:

- **Signal amplification** – enhances the brain wave signal.
- **Protocol filtering** – eliminates noises of known origin, such as muscle movements or pulse.
- **Notch filters** – eliminate noises of unknown origin.

This allows an accuracy of reading the wave signal of 96%⁹.

Users who feel that they can add something to the application, as well as those who strongly identify with the Quantified Self movement, receive the tools to further develop the functionality and architecture of the Software Development Kit (processed data access, access to raw data from EEG list algorithms for a variety of mental states, such as for meditation and sleep).

Results

Melon's campaign on Kickstarter was very successful. Melon managed to collect more than \$290,941 from about 2,700 supporters, mainly tracking-technology users who have already benefited from other trackers. In September 2014 the mass production of headbands began. Each headband costs \$149. Priority in receiving bands is given to those who supported Melon's campaign with the highest amounts on Kickstarter.

Summary: The Inevitable Changes

New research conducted by the Pew Research Center, the Internet & American Life Project¹⁰, showed that 69% of adult Americans measure

⁹ These statements still need to be confirmed. So far, various portable EEGs were performing poorly in non-isolated environments.

¹⁰ <http://www.pewinternet.org/>

various aspects of their health and well-being, such as weight, diet, blood pressure, blood sugar, headaches or sleep. These tracking habits will change the ways in which people make efforts to improve their health. On the Reconti website¹¹ Emilia Pobiedzińska noted that about 46% of people that follow their health achieved satisfactory short-term and long-term results in terms of their training and diet objectives. It can therefore be assumed that the presence of technology in the world of fitness and physical activity will increase. Current trends show that the production of equipment that fits the concept of the Internet of Things will also grow dramatically. On top of this we have the gradually increasing popularity of the Quantified Self movement, which is gaining strong ideological allies in more advanced gadgets such as Melon.

What to compare the Melon Headband and Mobile App with?

Activity trackers:

- Apple Watch
- BodyMedia FIT
- Fitbit Tracker
- Jawbone UP
- Nike+ FuelBand
- Pebble
- QardioCore
- Samsung Gear Fit
- Technogym
- Weight Watchers ActiveLink
- Zephyr BioHarness
- Simband

Sleep trackers:

- Drowzee
- Lark
- SleepBot
- Sleep as Android
- WakeMate
- Zeo

¹¹ <http://blog.reconti.com/na-tropie-aktywnosci/>

Diet and weight trackers:

- Fitbit Aria scale
- HealthWatch 360
- MyFitnessPal
- Withings Wi-Fi body scale

Other trackers:

- Lume Personal Tracker
- 20signals
- 23andMe
- BACtrack
- OmniContext Personal Analytics
- QardioArm
- Quitbit
- Sleepio
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<http://www.pewinternet.org/>
<http://www.swivel.com>
<http://www.quantifiedself.com>
<http://www.thinkmelon.com/>

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Changes in the Online Store Vobis.pl

Introduction

The online Store Vobis.pl exists since 2006. The offer includes electronics, multimedia, mobile, navigation and, recently, small appliances. Additionally, the store has a specially prepared offer for companies, which includes notebooks, netbooks, smartphones and network devices. The company also designs, manufactures and sells equipment under its own brand – these are mostly desktop computers and accessories.

The store offers more than 15 thousand products, and statistics show nearly 6 million page views per month (data: September 2014). A significant change was the launch of a new version of the webshop in early 2011, which was appreciated by the customers and the media – as stated on the website: *In the last edition of the professional ranking of e-shops (10.2011), conducted by Gazeta Wyborcza and the Money.pl financial portal, the online shop Vobis was ranked in second place in its category (electronics and appliances).*

The company also had a shop on Facebook, which included approximately 4 thousand products divided into 20 categories.

Brand:

In 2013, the brand Vobis had a strong market position, mainly due to its long-term presence in the Polish market and its high positions in rankings of online shops. The brand was mainly associated with high quality, but also high prices.

Offer:

Vobis sold primarily computer equipment: laptops, netbooks, smart-phones, multimedia, GSM navigation, etc.

Customer Service:

A huge role in customer service was played by the staff of the online store; only few processes were conducted automatically.

Sales channels:

The online shop, sale offices, but also on Facebook, Allegro, price comparison sites.

Online shop and chain of sale offices

The Vobis B&M chain stores were established much earlier – the company was founded in 1992, so the online shop could use the existing since 14 years strong reputation of the brand. In over twenty years of business activity, the number of sales locations has changed – at the peak there were approximately 200 sales location, but today there only about a dozen stores.

In the past few years (since 2011), Vobis increasingly emphasized in their actions the importance of an online sales channel: *As a result of the global trends in retail sales and the growing importance of sales through an online channel, the webshop became a key area of the commercial activities of Vobis.*

In 2012, according to the media the company went through difficult times. According to the newspaper Puls Biznesu the company reported a loss in 2010 and in the first three quarters of 2011. In May 2013 the company informed about changes in the top management – a new president and vice-president. In the subsequent months intensive activities were undertaking, to further develop the online store – as the most important sales channel, and in October of that same year concrete actions were undertaken, as described below.

The objectives of the changes

The changes in the online store Vobis.pl which began in October 2013 were aimed at improving customer service, improving the usability of

the service, simplifying the purchasing process – and thereby also increasing sales revenues.

The biggest challenge was getting all the major changes done in a very short time – 6 weeks, to make shopping as easy as possible before Christmas time, during which the e-commerce sector always obtains the highest turnover (November, December).

Processes automation

To minimize the involvement of employees in the simple and repetitive tasks, it was decided, where possible, to introduce process automation. To do this, at first it was necessary to analyze the customers' purchasing process and develop an appropriate system for this process.

For example, if a client of the Vobis shop sends a query for a specific product, there are at least three situations possible:

- the product is in stock and can be delivered to the customer;
- the product is not in stock, but can be ordered from the distributor and then delivered to the customer;
- the product is no longer available for sale (including by the supplier), but it is possible to offer the customer another product that meets the same specifications.

The preparation of these scenarios helped establishing the actions that can be performed automatically and by this, improve the customer service in the e-shop (e.g. sending an e-mail confirmation about the order, etc.).

By automating the communication between the customer and the shop, from the moment of placing the order, the customer is kept informed about the status of the order, which improves the standards of customer service.

Improvement of website usability and user path to purchase

In the works on the changes in the online store Vobis.pl, it was decided to place emphasis on a user-friendly approach, which primarily means the usage of solutions that will facilitate making purchases for the potential customer.

On account of the short time (1.5 months), it was decided to first change the sites of product data as well as the main webpage views.

Implementation of the search solution

To improve the customer service of the online shop – simplifying the purchasing path – the professional search solution FACT-Finder was implemented, which was applied to the two main modules: the product search engine and automated suggestions.

Before using this solution 7.82% of the users left the site because of two reasons: the searched for product was not found or the search results were wrong. This indicator has been reduced to the level of approximately 3% by the end of 2013, and currently (September 2014) amounts to approximately 0.32%.

The integration went smoothly and in a short time (3 months) resulted in a reduction of the percentage of dissatisfied users by more than half. Error-proof searching (typing errors, misspellings) has practically eliminated situations where a potential customer cannot find the product, even though it is included in the offer and is available. Previously, these situations occurred due to, among other things, errors while entering a phrase into the webshop’s search engine.

Thanks to this, the conversion factor (the ratio of buyers to the number of users – more users spend money means convert to customer) increased to 5% within the first month from implementing the solution (conversion factor B – after the changes – was 105% of conversion factor A – before the changes; this is not an increase of 5 percentage points, like for example: ratio A 1% vs. ratio B 6%).

Another positive effect of the launch of an efficient search solution was an increase of the average value of the shopping cart.

Data analysis and expansion of the assortment

After the implementation of new search solutions the Vobis store gained the additional possibility of checking search history data. The most frequently typed phrase by customers, was “HUROM”.

Table 1. List of 15 most searched phrases on Vobis.pl. The data are to provide the percentage of „hurom” queries compared to other queries. Due to the sensitivity of the information no accurate data collection period is given. Source: FACT-Finder reports for Vobis.pl

No.	Search string	Total searches
1	camry	270
2	hurom	202

3	59-427498	198
4	lenovo	150
5	moto g	147
6	samsung	94
7	kindle	69
8	z510	64
9	gopro	58
10	playstation 4	55
11	motorola	47
12	gtx 970	46
13	ps4	46
14	lenovo z510	42
15	fifa 15	41

Under the phrase “hurom” visitors were looking for the Hurom slow-speed juicer. Due to the large number of requests, it was decided to include this product in the offer – which turned out to be a very good move, because the Hurom juicer is still extremely popular among the customers of the webshop.

Subsequently, it was decided to expand the assortment. The shop now also offered, among other things, small appliances and products, such as the Hurom juicer, an example of electronic equipment indirectly related to health – a positive impact on the health and well-being is a basic advantage emphasized by the juicer manufacturers.

Z myślą o zdrowiu

Nasz organizm codziennie potrzebuje świeżej porcji witamin i mineralów. Soki pozwalają je dostarczyć w sposób niezwykle naturalny i łatwo przyswajalny – właśnie w tym celu została stworzona wyciskarka wolnoobrotowa Hurom HB. Łączy ona w sobie zaawansowaną technologię z pięknym wyglądem, a nade wszystko pozwala wytwarzać soki oraz masy wypełnione cennymi dla zdrowia składnikami odżywczymi, aminokwasami i witaminami. Wykorzystanie wyciskarki każdego dnia to świetny pomysł na zastąpienie tradycyjnych przekąsek – między posiłkami można dostarczyć do organizmu solidną dawkę mineralów – zdrowe warzywa i owoce w naturalny sposób wzbogacą wtedy naszą dietę o cenne mikroelementy.



Picture 1. Description of the Hurom juicer from Vobis.pl, emphasizing the positive impact on the health and well-being of the holder of the product

After the changes in Vobis.pl, approximately 1,000 new products were added to the assortment, and this number will most probably keep growing.

Introduction of new products

In addition to introducing a new product group (the previously mentioned small appliances), the store continuously updates its offer. To inform their customers about newly available products it uses, among other things, the SUGGEST module, an element of the FACT-Finder search solution. With this module the search window on the webshop page suggests some results to the user while he is typing the first letters, by displaying a list of products that the user could have in mind, including thumbnail images. This list of suggestions can include a new product, which makes it more visible to customers.

In addition, when new products are about to be introduced, the list of most searched phrases is used. Most of the time those products that are searched for the most by customers are introduced, but also substitute products – e.g. a bit cheaper, but similar in terms of functionality. Some users look for products in specific categories, searching under brand name or a particular model name. The decision to introduce a new product is always made also taking into consideration other models that meet similar criteria.

Internet sales channels

The Internet sales channel, which – in accordance with the strategy – plays the most important role within the company, is not just an online shop. Vobis.pl conducts (or conducted) sales also through the Allegro.pl website, as well as Facebook and price comparison websites (such as Nokaut or Okazje.info).

Price comparison websites and Allegro.pl

According to a report by Gemius from 2014, 64% of internet users in Poland use the Internet to check and compare prices of products and services. A report of 2011, prepared by Webhosting.pl, pointed to the fact that up to 80% of online stores with electronics, hardware and appliances present their products on price comparison websites.

The brand Vobis.pl was always associated with high quality, but also high prices. Because online stores with electronics compete with each other mainly through price, for Vobis.pl the challenge was to convince customers that also in this store they can buy products at an attractive price.

It was decided to slightly bring down the prices – thereby the sale of products increased and managed to convince customers that high quality does not have to involve great expenses. Thanks to the power of the brand and the trust of the customers, Vobis did not have to compete through price as much. With so many products, Vobis is ranked in third or fourth place in terms of price, but it is a good enough position for many customers, for which an additional argument in favor of the webshop is purchase security.

In a similar way Vobis uses Allegro – where the price also plays an important role. Allegro is a very good promotional channel, because customers that are satisfied with their purchases gain trust in the brand and return for subsequent purchases.

Facebook

The Vobis store on Facebook was closed in 2014. Before, only part of the assortment of the Vobis webshop was available through Facebook (approximately 4 thousand products out of more than 15 thousand). The difference between the users of the Facebook store and the online store was, among other things, age – most users of the online shop were above 27 years of age, while the users of the Facebook store represented a much broader range of ages.

Despite the closure of the store on Facebook, the managers of the online sales channels emphasize that the service itself is a powerful marketing tool. To promote the store, Vobis uses games and applications created by the tool Shortstack (<http://www.shortstack.com/>).

Positive effects of changes

As a result of the introduced changes the key indicators went up, such as sales, the average value of the shopping cart, the conversion and bounce rate, the number of returning customers, and additionally there are also positive comments from webshop users.

Changes in indicators:

- an increase in sales of 30% (upward trend);
- an increase in the conversion factor of 25% (upward trend);
- a decrease in bounce rate from 7.82% before changes to approximately 3% by the end of 2013, and further down to the value of 0.32% by September 2014;
- an increase in the average value of the shopping cart;
- an increase in the number of returning customers (upward trend);
- positive comments from website users (found among the comments on Facebook or on the product pages of the online store).

The effects of the changes were rated as very good – especially in view of the very short time that was spent on the implementation of the new solutions (as mentioned earlier – approximately 1.5 months).

Implementation of further changes on the basis of analytical data

The shop regularly checks the data for user behavior. This information firstly goes to the analytical department. After the analysis and interpretation of the data concrete proposals are formulated. On the basis of those results, the shop starts working on the proposed changes. After selecting the best ideas the store checks to see if their implementation is possible and can bring the desired results. If an idea passes this verification, it is implemented, which entails: design, graphics and implementation.

Market trends

In the case of companies like Vobis, serving several sales channels, e.g. online and offline, phenomena such as the ROPO effect can be observed, which literally means research online, purchase offline. According to a Gemius report from 2014¹, the ROPO effect for the electronics and

¹ “E-commerce w Polsce 2014. Gemius dla e-Commerce Polska”, <http://www.ecommercepolska.pl/pl/dla-czlonkow/baza-wiedzy-do-rozwoju-biznesu-online/badania-i-raporty/>

appliances industry is as high as 56%. While it is possible to measure this value by examining the declarations of Internet users, there are no effective methods to measure the exact impact of online activities on the sales in B&M stores.

According to the managers of the Vobis shops, the ROPO effect slowly begins to have less and less importance since the appearance of users who gain trust in online shopping and the whole purchasing process moves to the Internet. In addition, online shopping is supported by greater rights of consumers buying online – mainly the ability to withdraw from the contract within 10 (according to the new Directive – 14) days for any reason.

For the Vobis company this is another argument for betting on a further development of the online store.

Justyna Skorupska, eBusiness Consulting Sp. z o.o.

TIM SA: E-Commerce in B2B

Introduction

TIM SA is one of the biggest distributors of electrical goods in Poland. It is a company with over 25 years of experience, since 1998, and is listed on the Warsaw Stock Exchange. The fixed offer of TIM SA has a complete range of electronic products. The products are provided by reputable, both Polish and foreign, manufacturers.

The year 2014 is a year of breakthrough in the entire 25-year-history of the company. The new strategy was adopted in 2013 and is based on a significant change in the distribution model. The new model is based on the use of an e-shop platform with a CRM module. It introduces changes also in terms of the delivery of goods to customers – in the first half of 2014 local storage units were liquidated and currently goods are supplied from one place – the Central Warehouse in Siechnice.

The adopted action model is innovative and different from the action model of the competitors within the industry in which TIM SA operates.

The company was the first among distributors of electrotechnical products that decided to sell online, without having to log in or register, for both business clients and individuals. The webshop is also available in a mobile version (mTIM).

Another channel of sales as well as support and technical advice is a nationwide network of sales offices and sales representatives. The company's customers can also count on service through telephone hot-lines.

The objectives of the implementation of the online sales channel

Starting the online sales channel was one of the elements of the company's comprehensive strategy, aimed at, among other things, becoming independent from the construction industry, which operates periodically.

The online sales channel is designed not only to acquire new customers, but it also facilitates ordering, and is now one of most important channels of communication.

Customer service is one of the top priorities of the company. Therefore, customers have access to a growing number of channels of communication with TIM SA:

To achieve the objectives associated with the diversification of sales markets, TIM has implemented the strategy of customer service in various sales channels. Customers, in addition to the support of 30 Branches and Agencies of Commerce, received a high-class online store in August 2013, in which they can perform all online transactions. Additionally, all the online and offline sales activities are supported by a running Contact Center – commented David Sadulski, Director of E-Commerce, 01.10.2014.

The offer available on the web allows to reach two different groups of customers – businesses and individuals.

The company is consistently expanding its product range and has introduced new product categories. In October 2014 more than 45 thousand of its products were available in stores.

Managing such a large number of products requires advanced technological solutions and that is why in 2013 the company implemented a new CRM system. Through the integration of the online sales system with CRM, the company obtained a good flow of information about sales and the offer.

E-commerce in TIM SA

Before the company decided on the design and implementation of an e-commerce system for B2B, as described in the present case study, in 2011 they launched an online store under the newly created brand “Bank Kabli” with a selected assortment of the company's offer (cables, wires

and installation accessories). This approach allowed to test the online sales channel and to get know-how for further development in the area of e-commerce.

The effective implementation of the online channel consists in, among other things, adapting the internal processes of the company. A pilot project for the online sales of part of the assortment allowed for designing and implementing such processes for some of the company's operations. Thanks to testing these processes, the company gained valuable experience, which was further used in the preparations for the launch of the online sales platform for B2B clients.

Conducting this project also allowed the company to identify the problems that could be the result of online sales of an unusual assortment. In the case of the sale of cables, the biggest challenge was primarily to create a system of finalizing contracts, including a calculator that calculates the optimal length of the cables ordered by the client and that selects the appropriate package (cables are manufactured in specified lengths, e.g. 100 m, and different customers need cables with different lengths – for the customer and the distributor often the best solution is to sell a few sections of the cable with special connections, rather than selling the cable in one piece).

When the company was creating another system of online sales, they used the services of the same contractors (including Divante, which is a company that presently is part of the OEX Group) and proven business and technological solutions (including the Magento platform and the FACT-Finder search system).

Implementation and launch

In the works on the design of an e-commerce B2B system for TIM SA, some of the following tools were used:

- functional project – changes introduced at the beginning of the project are much cheaper than changing an already implemented application;
- models – conceptual work on the miniatures allows for a quick verification of ideas and their optimization;
- interactive prototypes – to help confront the expectations of the designer and of the client (i.e. TIM SA). Tests were conducted using the interactive prototypes with the participation of users selected from the company's target customers.

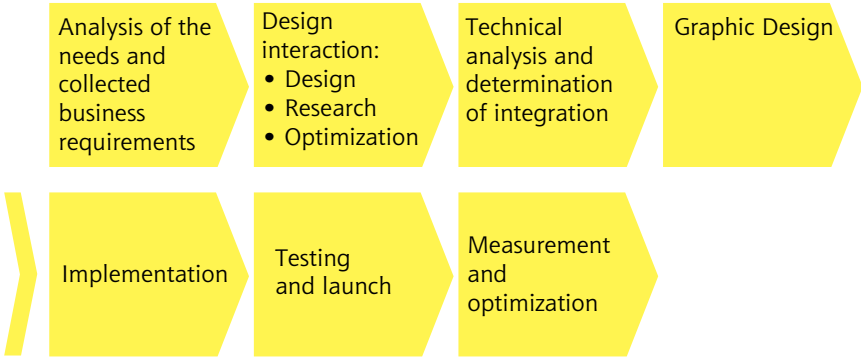
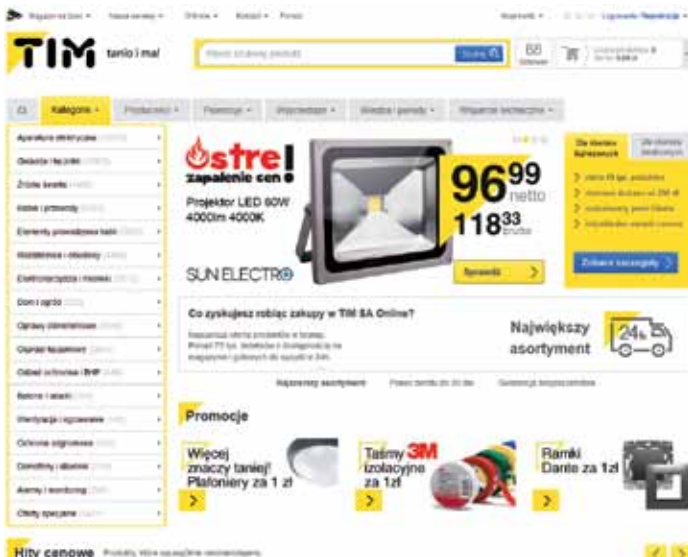


Figure 1. Stages of the creation and launch of the e-commerce B2B system for TIM SA

The implementation lasted 14 months. The organizational works were the responsibility of:

- the project contractors – i.e. Divante, the implementation of the functional modules was delegated to Magento;
- company – the preparation of an integration system;
- partners – e.g. Pivotal, the company that provided the CRM solution.

The platform for online sales was integrated with the CRM system, the software for product management (PIM), the storage program (WMS) and the FACT-Finder search system.



Picture 1. New website of TIM SA



Picture 2. Website looks like a catalogue of product

Customer profile

The company serves both private individuals and companies. Between these two groups of clients there are obvious differences, which have a significant impact on, for example, the selection of the functionality of information about a product management system.

The creation of e-commerce solutions for clients in B2B forces the company to select an effective system for product information management, which will be able to handle a large amount of data (wide assortment) and will be able to provide up-to-date information necessary for the person responsible for making the purchases.

The business customer is not guided by the same values that are important when shopping for the needs of an individual or a household. Shopping in this case is part of the job, which is why there are limitations in the form of, for example, various kinds of technical requirements resulting from the use of a product, or guidelines form the supervisor as well as rigid budgetary constraints. For this reason, search systems begin to play an important role.

Table 1. The differences between consumers in B2C and B2B. Author's own elaboration

Client B2C	Client B2B
<ul style="list-style-type: none"> · The buyer is a decision-making person. · Most often it is the client himself that uses the purchased items. · Buys in small quantities. · Has a budget, which depends on how much he is willing to spend. · Occasionally buys with undue emotion, impulsively, e.g. when purchasing a lamp light bulb he also purchases a car light bulb. · Expects comfortable and intuitive solutions for hassle-free shopping. 	<ul style="list-style-type: none"> · The buyer is often not the decision-maker. · Frequently the purchased items are used by customers (or employees) – not just the person responsible for realizing the purchase. · Buys in bulk quantities. · Has a strictly defined budget, limited from top down (e.g. by the Finance Department). · Usually does not buy impulsively – purchases are made using a specific shopping list. · Expects comfortable, intuitive solutions for trouble-free shopping.

Product search system

The webshop of TIM SA, in order to meet the basic requirements of the customers, must provide them with the best possible shopping experience, which includes an efficient product search system. Therefore, before starting the implementation of a specific tool, it is worth looking at the behavior of existing customers, as well as at how these customers look for specific products and what problems might appear in the process of transferring these activities to the online sphere.

Based on Table 1, we can list the following customer needs:

- The buyer must be able to easily and simply get to a specific product model from his shopping list, so the search system should:
 - be resistant to errors generated when entering a name in the search engine window (e.g. typing errors, misspellings, diacritical marks);
 - allow to search by product attributes, e.g. a special product code, name of manufacturer, etc.;
 - be able to handle long queries, for example: “twisted pair copper cable”.
- The buyer must be informed not only about the availability of products, but also about the number of available units in stock, the maximum amount that can be ordered, etc.
- The buyer must be informed about the exact or at least estimated (e.g. if the products are valued by weight, etc.) cost of the order, including the cost of delivery.

Additionally, the representatives of both categories, i.e. companies and individuals, expect the purchasing process to be hassle-free, conve-

nient and intuitive. This is why the search engine has to facilitate the entire purchasing process as much as possible.

Product information management in CRM

The implementation of the online sales channel is a significant change for the company's end customer – before he was serviced by telephone or directly by the seller, so he had direct contact with another person. Electronic sales channels focus on communication with the customer and on providing him with the information necessary to make purchasing decisions without the involvement of a vendor. However, with electrical products clients often need expert assistance to make the right decision.

Since TIM SA cares about customer service and the efficient flow of information, it has combined CRM with the online sales system, additionally also implementing solutions that allow including vendors in the purchasing process (e.g. enabling the customer to send queries directly from an online store to a sales representatives).

Efficient information search technology is used not only in the online store, but it is also implemented in the CRM system, which effectively facilitates the work of sellers using the system.

The creation of a new sales channel allowed to redirect part of the traffic to the webshop. Repeatable transactions, easy to conduct for customers, are realized without the involvement of company employees. However, customers who have problems with the selection of suitable products have several different methods for contacting professional vendors to choose from – this is where the traditional role of the seller transforms from a clerk to an expert/advisor.

Business effects

The business outcomes are measured by, inter alia, the quantity of user visits in the online store or by the amount of completed transactions.

During the first year of activity of the new platform, the following results were achieved:

- number of visits – 2.5 million user visits in the online store;
- number of transactions – more than 100 thousand completed transactions;
- sales – more than 150 million PLN turnover.

Since September 2014 the TIM SA new sales model is fully operational. In the period 01.01.2014–30.09.2014 the value of sales generated by the webstore was 49.1% of TIM SA's total sales. However, the most important change is the number of realized items in the contracts, which accounted for 69.1% of all items in orders executed during the above period. In the second quarter of 2014, the sales value achieved by the webstore was 50.4% of TIM's total sales, and the number of items in orders accounted already for 75.8% of all items in orders executed by TIM SA.

When discussing the implementation of the e-commerce system for TIM SA, also the automation of part of the processes should be mentioned – e.g. placing orders or conducting transactions without the involvement of employees of the company in a simple and repeatable process. By getting rid of these duties, employees can focus on other tasks, such as acquiring new customers and professional technical advice and support to existing customers at every stage of the purchasing process.

Summary

In cases such as TIM SA it is worth noting that the implementation of an online sales channel involves changing the competencies of workers, which often causes a fear for jobs, because part of the tasks start to be performed automatically. TIM SA made sure that this new customer contact channel would primarily become an additional tool to facilitate the work of the employees and the purchasing process for the customers.

Justyna Starostka, Kozminski University

Redesigning the Service Experience at the Polish Patent Office¹

About the Office

The Polish Patent Office was established on December 28, 1918. The Patent Office performs its basic tasks in the area of granting legal protection of industrial property objects, collection and sharing of documentation and patent literature. The main objectives include²:

- receiving and checking declarations relating to inventions, utility models, industrial designs, trademarks, made in order to obtain protection;
- deciding on granting patents and supplementary protection rights for inventions, rights of protection for utility models and trademarks, as well as the rights of registration of industrial designs, geographical indications and topographies of integrated circuits;
- keeping the central collection of Polish and foreign patents.

The challenge

One of the main customers of the Patent Office are small and medium-sized enterprises (SMEs) in Poland that look for different types of legal

¹ Thanks to Marcin Gędłek, Deputy Director of the Department of Promotion and Support of Innovation at the Polish Patent Office, for providing information that led to the preparation of this case study.

² <http://www.uprp.pl/zadania-uprp/Lead03,717,2840,1,index,pl,text/>, accessed on 14/08/2014

protection. As a way of meeting their needs, specialists from the Patent Office decided to conduct a survey among them. This project, quite small at the beginning, grew considerably along the way:

“At the beginning it was just a thought of doing a survey among our customers. But then the project evolved and we decided to do something like a research of ourselves, so we decided to do some type of research to try and really think about this user experience: what is the customer that wants to use or benefit from the patent system experiencing? What are his expectations? And how does this reality correspond to these expectations? In other words: what are the elements that can be improved and changed at our office”.

So in the end the aim of this project was to redesign new ways of customer service for the SME segment in the Patent Office, and to build guidelines for a new language of communication.

The project was implemented using a service design thinking method in an interdisciplinary team. The project was led by CODE – a design and innovation agency from Katowice. In the project team there were many specialists, including from GreenHat Innovations – a company that specializes in innovation, as well as diverse researchers specializing in different types of research.

The project was divided into two main phases: (1) extensive study – diagnosis of the current level of customer service in the Patent Office; and (2) redesign of the service.

Phase 1

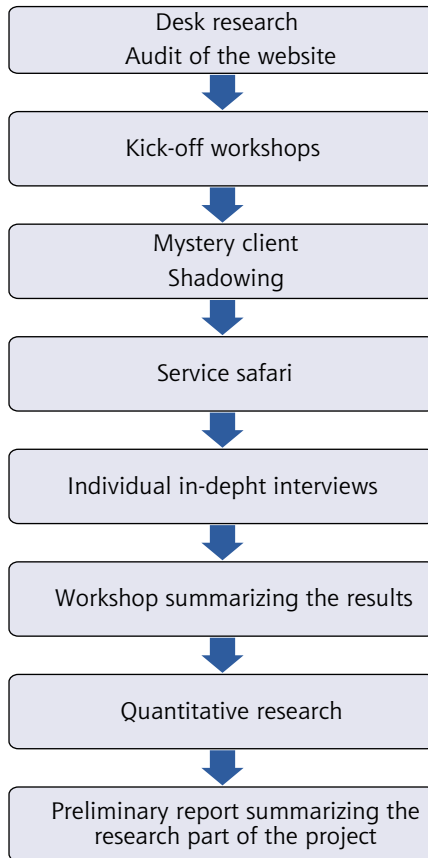
The first stage was to build a common understanding about the project and to diagnose the situation within the Patent Office. The study was divided into two steps. The first step entailed a qualitative research of the Patent Office, and the second step involved a quantitative survey determining the situation of SMEs in the use of industrial property protection.

The team started with conducting an ethnographic research. The methods used at this stage were: mystery client, service safaris, shadowing and in-depth interviews with employees and customers.

The project started with the mystery client research. This is one of the best methods for testing the level of customer service, as it is not based on opinions on hypothetical situations, but on real customer experience at selected points of customer contact. “Mystery client”

mostly consists in visiting the point of sale (in this case the Patent Office information desks) and describing the experience of the visit in a previously prepared questionnaire. The results were stimulating, as they presented the most critical and problematic areas of the customer contact points.

Figure 1. Overview of the first part of the project



Source: own elaboration based on information provided by the Patent Office.

Another method used by the researchers was the “Service Safari” study. This is a specific research method for understanding services. Researchers go on different locations to experience different services first hand in order to find out what different service experiences are like. Very often they may look at a wider range of services to get an idea about what makes a positive service experience, as it was in this case. The

central aim is to gather information about a service in the real world and identify what makes for a good service experience across many different service types³. As one research team member reflected:

“Service safaris is a method inspired by all kinds of other services. You go to a good tailor, a good hotel, you observe how the service is built there. You look for inspiration and compare it with what you provide. You go to other places, to your competition, or even to different industries. This is one of the methods that can be very opening in the way of thinking”.

The service safari conducted outside the Office was combined with “shadowing” – i.e. a very in-depth study of the services provided by the Patent Office. In this method the researchers carefully observed real-life situations for a set amount of time to understand how people behave within their normal context. This method can help to uncover the reality of what people actually do – as opposed to what they say they do. Shadowing an individual on a journey or activity can be used to identify opportunities for design and quickly understand a particular design context⁴. As one team member reflected: *“We did shadowing at the most important points of contact with our customers. This consisted mostly in observations of the actions that are taken by the employees and their relationships with customers: how they provide information, how our system of information works, how effective our force in the office is. And here we also found some weak points. One of these elements was that our general information is inefficient. (...) Shadowing gave us a lot of information on where our weaknesses are, where we should put emphasis for improving the quality of our service, what we have to do to build the right customer base, what type of CRM tool we need to have so that we have control over the flow of information between the customers and our employees, because at the moment we are stuck with the fact that we cannot identify these people, so we are not able to control the information flow”.*

After that stage the quantitative researchers were invited to conduct a survey among a large group of SME representatives. That led to a better recognition of their needs and expectations.

After both parts of the research – qualitative and quantitative, all the results were gathered and summarized during the final workshop. That

³ “Design methods for developing services”, Design Council, source: <https://www.innovateuk.org>

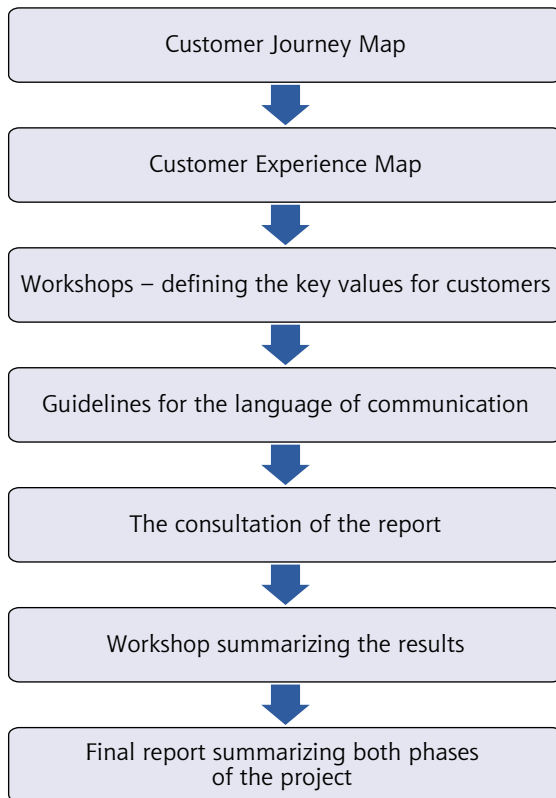
⁴ <http://designingwithpeople.rca.ac.uk/methods/observation-shadowing>

started the second stage of the project – redesigning the service and looking for new ways of meeting customer expectations.

Phase II

In the second phase the team started with the development of a Customer Journey Map (reflecting the status quo of customer experience) and a Customer Experience Map (visualization of the user experiences at various points of contact associated with the services of the Office).

Figure 2. Overview of the second part of the project



Source: own elaboration based on information provided by the Patent Office.

A Customer Journey Map is a visual map or diagram, identifying the key stages, touchpoints and other components that make up a user's service experience. It may also have an additional layer of explanation that identifies problem areas or opportunities. This allows researchers

and designers to see what parts of the service work for the user and what parts might need improving. The map helps to understand the user’s progress through the service, beginning with when they first become aware of the service through to when they leave. Those tools take the user’s point of view and explain their actual experience of the service⁵. The main objectives of the Customer Journey Map are:

- to identify the key elements of a service;
- to understand the links between all the different elements over time;
- to identify problem areas or areas where new things can be added;
- to create empathy with different types of users.

The Customer Journey Map was created based on the results of the research conducted in the previous part – shadowing, service safaris, interviews and a qualitative survey.

Figure 3. Stages of the Customer Journey Map

1. Search for information
2. Raising awareness
3. Preliminary research
4. Seeking a patent attorney
5. Personal contact with the Polish Patent Office
6. Filling in application
7. Consultation with the application
8. Submission + test application

Source: own elaboration based on information provided by the Patent Office.

One of the Patent Office employees reflected: *“At the very beginning as we started, someone asked the question ‘At which point do we, as a Patent Office, place our interest in the customer?’ Well, the answer was that, of course, at the time when the customer comes to us and submits the*

⁵ “Design methods for developing services”, Design Council, Source: <https://www.innovateuk.org>

declaration – that for us was the date, the start of the application proceedings. But during those workshops it came to us that this moment, that we have identified as the first, turned out to be the eighth, the last!”

As the team prepared a detailed Customer Journey Map (the respective stages are presented in Figure 3) it turned out that the service should start many stages before the moment that the customer actually comes to the office.

The Customer Experience Map helped the team with the identification of points that have to be improved. A few examples of the difficulties encountered by customers during the different phases of the process before submitting the declaration are presented below:

- “Am I sure my idea / invention is to be covered by legal protection? I do not really know.”
- “Can I handle this alone? It is more complicated than I thought.”
- “This is all difficult and unreadable. The difficulty of the issues is strengthened by the difficult legal language, which is used by the Office”.
- “How to select the right patent attorney? I do not know anything about them. I do not know how to verify them”.

Table 1. The areas of opportunity to improve the services provided

Area of improvement	Recommendations
Assistance in understanding the process and the role of the different actors	<ul style="list-style-type: none"> · A simple visualization of the process of obtaining protection. · Definition of the possible paths to obtain protection (including informal) – introduction to color code paths to obtain protection, and the definition and benefits behind each of them. · Clear definition of the roles of the various actors in the process of obtaining legal protection (explaining the roles of the Patent Office, patent attorneys, courts and so on).
Personalized service (different for customers and patent attorneys)	<ul style="list-style-type: none"> · Rebuilding the information system at the entrance to the Patent Office building, with a separated area for customer service. · Space for meetings between experts and patent attorneys. · Info-center assistance (telephone, Internet, chat) geared to help you understand the process and support the user in choosing the appropriate path to obtain protection (communication with the use of customer benefits).
Assistance in getting to the right patent attorney	<ul style="list-style-type: none"> · Clearly define within the context of patent procedure when you may need the help of a patent attorney. · Posting a list of patent attorneys on the Internet, one of their specializations, graduates. · The ability to search for patent attorneys for a patent obtained.

Personalization of information for different groups	<ul style="list-style-type: none"> · Distribution of the website and all the information on the different types of users, for example: <ol style="list-style-type: none"> 1. Beginner – seeking protection for the first time; 2. Advanced – seeking protection again; 3. Professional – patent attorney. · Adjust communication language to the level of knowledge of each of these groups (necessary use of language benefits).
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Source: own elaboration based on information provided by the Patent Office.

The Customer Journey Map and Customer Experience Map helped the team to verify and understand the difficult moments for customers. After that the team started to work on defining a new proposition for customers and that led to the development of a new mission and vision for the whole Office:

“And then it led to the development of a new mission and vision for the whole Patent Office. It was also very significant because we asked the question: What is the mission? We got the answer that the mission of the Patent Office is to adjudicate about patent right! So we have changed the mission from this “adjudicate about patent right” to “help companies build a competitive advantage by providing legal protection”. That is roughly the direction we went in”.

During one of the last stages the team created a detailed proposition of the areas of opportunity to improve the provided services (some of which are presented in Table 1).

Results

The whole project ended with a comprehensive report with recommendations in the field of promotion, information and education along with elements of visual and graphic communication and a plan for the implementation of recommendations. The Patent Office already started the implementation process. The first phase is to create a professional service centre.

As one Patent Office specialist reflects: *“I must admit that for us it was obviously a very novel experience of looking at how we provided our services as a Patent Office before. This is a public administration and the major challenge is to adapt to thinking in terms of the real user experience and actually give our customers what they really expect and not what we think they expect”.*

Summary

This project shows that design tools and methods can be used not only in product design or business settings, but also in the service sector, even in the Public Administration. As one specialist reflects:

“This experience gave us a lot, not only in this particular project, but more in general, in the way how we think and start new ventures. Right now we think in terms of the service design really, we try to develop a user experience approach and we try to look at everything from a different angle, it is a change of perspective for us”.

Justyna Starostka, Kozminski University

Design Thinking at Play – Invoice Redesign¹

About the company

Play, P4, is a mobile operator and Internet provider. The company started its operations in Poland in 2007 and grew to have more than 11 million customers in 2014. The company has been very innovative since the very beginning, competing against the 3 big operators in Poland. *“This is a company that was founded by two people and in the beginning, the first two years, it was like a start-up opened in a garage, even though it was actually in a building. We had this attitude from the beginning that everything is possible and then we began to attract similar people. We have a totally flat organizational structure; directors and board member share offices with other employees in the open-spaces, for example”* – says Marcin Piotrowski, head of the User Experience Design.

Since the beginning the company is dedicated to innovations and innovative ways of solving problems. In 2012 Play started the User Experience Design – an interdisciplinary team that is devoted to improve user experience. *“In Poland the term User Experience means something different than how we at Play understand it. Most people think about UX in the category of computer or phone interface, screen and equipment only, and to us it is more about the overall experience that somebody has with the device, and not just what is on the screen”*.

¹ Thanks to Marcin Piotrowski, head of the User Experience Design team at Play, for providing information that led to the preparation of this case study.

The team works in the area of experience design, service design, often cooperating with designers and regularly using the design thinking methodology. *“We act like an internal design consulting agency, you could say. We do a lot of very different projects, within very different areas. Sometimes it is a project that relates directly to the customers, like some service for example, sometimes it is support of the research process. To a very large extent, we act as facilitators of processes and very often we are redesigning internal processes within the company”* – says Marcin Piotrowski.

When asking what the role is of this unit within the company, it is very hard to specify that clearly. As Piotrowski said, some time ago, the team conducted a research study among other Play employees on the role that the User Experience Design team should play. The results were very interesting, as different people expected quite diverse activities:

“According to some people we should do things that are very mundane, ordinary. As one man said – improving everyday reality, small things to live better every day. On the other hand, another group of people expects visionary, bold projects from us, for example how something will look like in five, ten years from now”.

The team attempts to balance the flow of projects, but always looks for solutions that can be useful and ready for implementation.

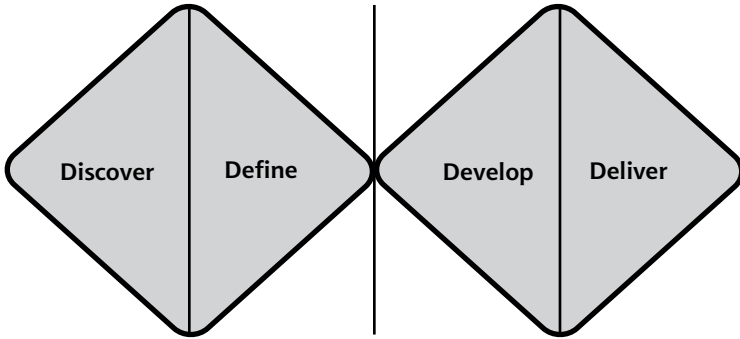
The challenge

The challenge described in this case study is the “invoice project” – a venture aimed to redesign the company’s invoices that are issued to its customers. The project started quite unusually: *“The issue was that someone came to our team to hang instructions on how to read our invoices. And some people started working on this, to make instructions, like a manual, on how to read the information there. And I stood somewhere near and said, you know the problem is not in the manual, but rather in the invoice itself, and this problem should be solved differently. Well, so we created a team, and started to work on this. This project seemed very interesting to us, as it was to influence the lives of several millions of our users.”* – Piotrowski admits.

The whole project was conducted by the interdisciplinary team, and it was divided into different phases. In this case study we will present the project using the Double Diamond model, describing the following

project phases: discover, define, develop and deliver. This model maps how the design process passes from points where thinking and possibilities are as broad as possible to situations where they are deliberately narrowed down and focused on distinct objectives (Figure 1).

Figure 1. Overview of the Double Diamond phases



Source: “Design methods for developing services”, Design Council.

Source: <https://www.innovateuk.org>

Phase 1 – Discover

The first quarter of the double diamond model covers the start of the project. This is a time of **discovery**, gathering inspiration and insights, identifying user needs and developing initial ideas. Team members try to look at the problem in a fresh way, noticing new things and seeking inspiration².

In the first phase, the team conducted a very extensive research. The first step was to look for insights inside the company. The team reviewed and analyzed market research data that was already collected internally. More than 2.5 thousand different opinions about invoices were selected for further analysis. The team took more than 2 days to analyze those opinions. As a tool to understand some patterns, affinity diagramming analysis was conducted. That helped to see some clusters of options related to different topics. Affinity diagramming is a business tool that allows large numbers of ideas to be sorted into

² “Design methods for developing services”, Design Council, Source: <https://www.innovateuk.org>

groups, based on their natural relationships. This process was organized in the following steps:

- Record each idea on cards (post-it notes);
- Look for ideas that seem to be related;
- Sort cards into groups until all cards have been used.

That exercise helped the team to see the first basic issues associated with how difficult it is for some people to handle invoices. After that, external research was conducted.

In the first phase the team carried out different types of in-depth interviews among very diverse user groups: accountants, small businesses owners, individual customers and others. After the interviews, participatory workshops were organized. During those workshops selected groups of customers were asked to bring their different invoices and then the whole group worked on those particular invoices. People were asked to describe and show what they like about the invoices, what works and what does not work for them. During the workshops the participants evaluated the company invoices, they were asked to redesign them, cut out unnecessary information; basically to design the invoices themselves.

At some point the team decided to do a more ethnographic research and use the cultural probes research technique³. By using this cultural probes method the company could gain a wider context of the topic. 30 customers were selected and asked to participate in this study. The assumption was to give those participants different kinds of tasks, one for each day. In this case, these probes were designed by a group of students from the Warsaw Academy of Fine Arts.

“In these cultural probes there is a specific task, one for each day. Every day, the participants had to spend 30 minutes on one task that was designed specifically for that day. This research lasted for 7 days and after the last day we had a workshop summary. So there is, for example, package number 4, and this is for them to open on the 4th day. For the whole process there was a manual, with detailed instructions for the

³ “Cultural probes (or design probes) is a technique used to inspire ideas in a design process. It serves as a means of gathering inspirational data about people’s lives, values and thoughts. The probes are small packages that can include any sort of artefact (like a map, postcard, camera or diary) along with evocative tasks, which are given to participants to allow them to record specific events, feelings or interactions. The aim is to elicit inspirational responses from people, in order to understand their culture, thoughts and values better, and thus stimulate the designers’ imaginations.” Source: Wikipedia.

participants. The tasks were a little bit abstract, but all related to the topic of invoices. The aim was to make our participants think about the invoices on a daily basis. In general, we have created a story around traveling, so everything revolved around that theme; it was designed to make people feel more involved. Well, I can say that it worked, because they were very engaged. Of those 30 people, only one person withdrew, but as it came to rest – they were all very involved. It was a fantastic result, because normally people are shedding on research projects like that. What’s more, they really liked how it was done, and the fact that it was specially designed for them by some design students from the Academy of Fine Arts was very inspiring and they were very glad about that.” – says Marcin Piotrowski.

This research resulted in gaining a lot of inspirational, qualitative data, which was summarized in the participatory workshop on the last day. That was the beginning of the works on the first solutions.

Phase 2 – Define

The first phase of looking for insights and conducting research, as described above, lasted for about 3 months and resulted in gaining a lot of qualitative data. That was followed by the second stage of the project – the **definition** phase. In this phase team members, along with the designers, tried to make sense of all the possibilities identified in the Discover phase.

During this phase an external agency was invited for cooperation, from which 2 designers were assigned to this project. The designers participated in the last phase of the cultural probes workshops with the users, and they were also handed all the research materials gathered during the research phase.

“In fact, what we have found during the research phase was that what we, as a company, think about what an invoice is, and what our customers think an invoice is, are two totally different stories. As it turns out, customers, when they think “invoice”, they mean a document with information on how much they have to pay and when. And if this amount you have to pay is higher than what you were expecting – why? Nothing else really interested them. None of those details that are placed on the invoice are interesting to them; they are not interested in the tax rate, issuer, the sender, telephone number and all the other information that is listed on the invoice”.

On the basis of the material gathered in the Discover phase, the team started to create the first initial versions of the new invoices. The designers started to create prototypes, very rough versions that were used only for research purposes, to select certain directions. There were 2 designers, both had to prepare 3 initial versions of the project, so the team started with discussing 6 different versions of the original. That led to the Develop stage.

Phase 3 – Develop

The third quarter marks a period of **development** where solutions are created, prototyped, tested and iterated. This process of trial and error helps the designers and the whole team to improve and refine their ideas. The key activities and objectives during the Develop phase are: brainstorming, prototyping, multi-disciplinary working, visual management, development methods and testing⁴.

During this stage the team was working continuously on different projects – from very rough prototypes to almost finished versions. The project of idea testing was iterative in nature with numerous feedback loops. As Marcin Piotrowski reflected:

“We had probably about 20 different projects that we have tested during a variety of workshops with users. Very soon it turned out that, for example, with business customers we managed to select the final design very quickly, because they did not have any doubts about what is best from their point of view. In contrast, we had a problem with the individual customers, as they don’t have fixed expectations regarding invoices. Really, what matters most to them is aesthetics. But along the way we narrowed it down from 20 to 3 projects. Those 3 projects were tested among those customers who complained a lot before about our invoices. So based on this we selected two projects, and then pointed out the final one”.

Phase 4 – Deliver

The final quarter of the double diamond model is the **Deliver phase**, where the resulting product or service is finalized and launched. The

⁴ “Design methods for developing services”, Design Council, Source: <https://www.innovateuk.org>

key activities and objectives during this stage are: final testing, approval and launch, targets, evaluation and feedback loops.

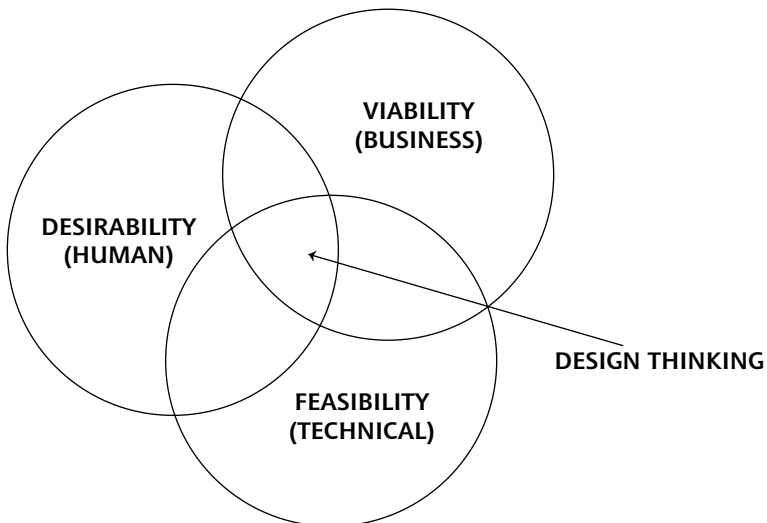
The team created the final recommendations that were assigned, but the whole project was not finished yet:

“This is just the beginning for us, because the invoice is only a part of the whole process. Now we really need to redesign the process of handling sales in the showrooms, because no questions were asked about, for example, how the client would like to receive invoices – whether digitally or on paper, or switch between the two options, and so on. This is why we find that the entire ecosystem has to be redesigned, which started from one element”.

Summary

The presented case study showed some basic points about the nature of design and the design thinking process. According to one of the existing definitions in the literature on the subject: *“Design thinking can be described as a discipline that uses the designer’s sensibility and methods to match people’s needs with what is technologically feasible and what a vi-*

Figure 2. Desirability, viability and feasibility as a part of the design thinking process



Source: Brown T., *Change By Design. How Design Thinking Transforms Organizations And Inspires Innovation*, Harper Collins, New York 2009.

*able business strategy can convert into customer value and market opportunity*⁵. That means that design thinking tries to reconcile, connect three different perspectives (Figure 2):

1. Business (viability – what is valuable for business);
2. Human (desirability – what is desired by people);
3. Technical (feasibility – what is possible to implement).

There are several key tenets of design thinking that seem to be common and can be summarized in the following points:

- Design thinking is user-centered – a deep understanding of the consumer is based on fieldwork research (emphatic approach, observational and ethnographic methods);
- Design thinking is a collaborative process – by working in interdisciplinary teams we can gain different perspectives on the same problem (scientists, designers, front-line employees, customers as team members);
- Design thinking is a co-creative process – users are playing a very important role in the whole process;
- Visualizations, hands-on experimentation and using quick prototyping as process enhancers and making it as simple as possible to get usable feedback;
- Using prototypes (concept sketches, physical mock-ups, stories, role playing) to make intangible become tangible.

⁵ Lockwood T. “Foreword – The Importance of Integrated Thinking” in: Lockwood T., (ed.) *Design Thinking – Integrating innovation, customer experience and brand value*, Allworth Press, New York 2009.

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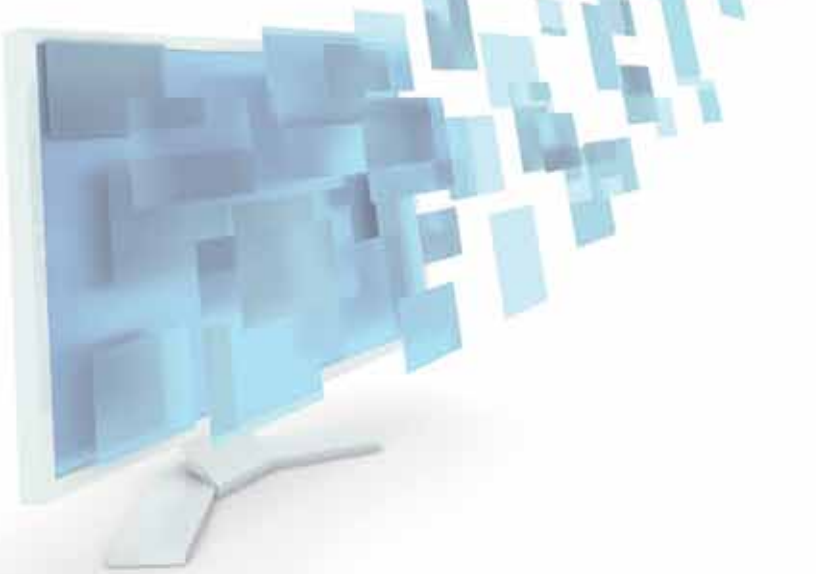
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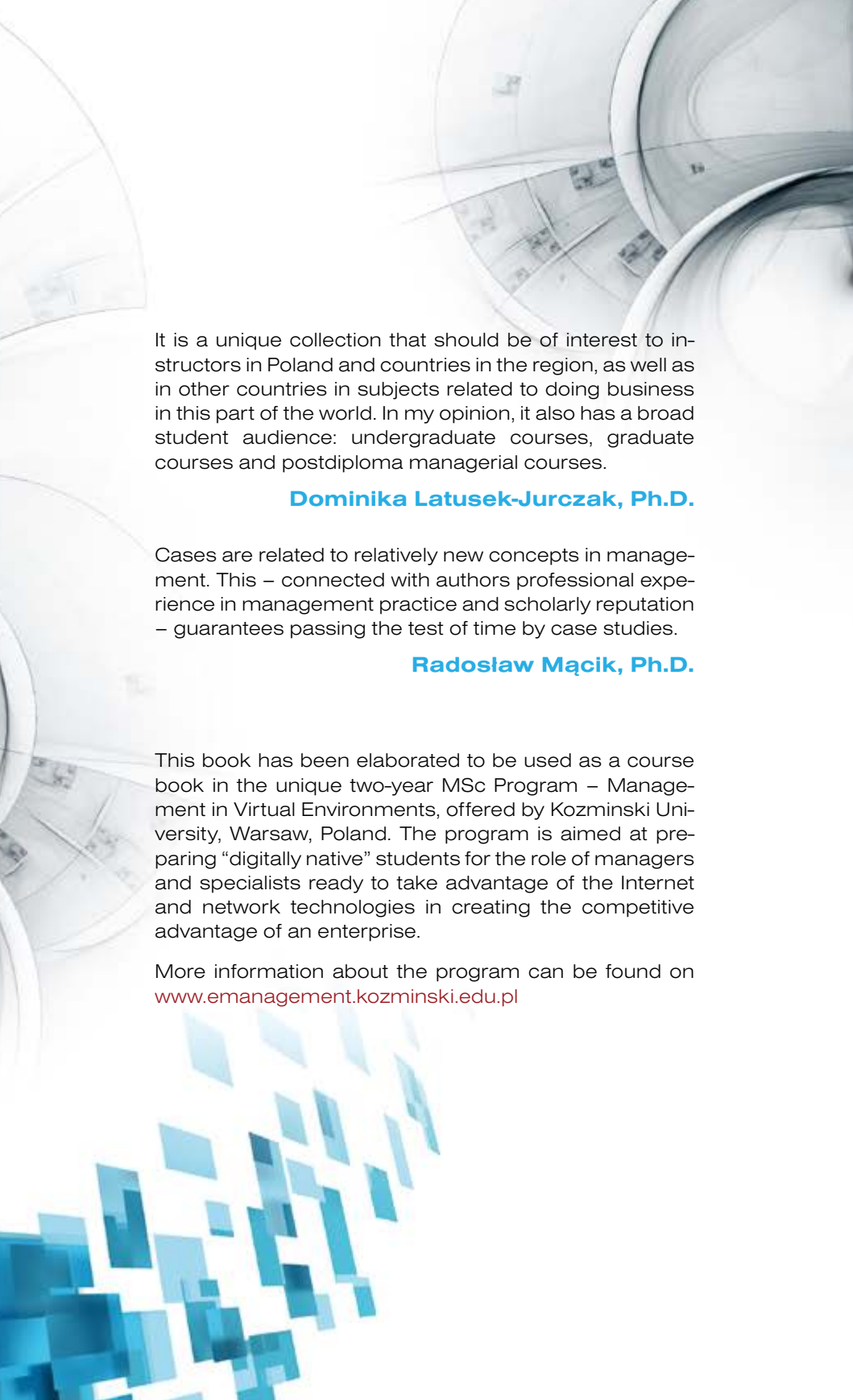


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It is a unique collection that should be of interest to instructors in Poland and countries in the region, as well as in other countries in subjects related to doing business in this part of the world. In my opinion, it also has a broad student audience: undergraduate courses, graduate courses and postdiploma managerial courses.

Dominika Latusek-Jurczak, Ph.D.

Cases are related to relatively new concepts in management. This – connected with authors professional experience in management practice and scholarly reputation – guarantees passing the test of time by case studies.

Radosław Maćik, Ph.D.

This book has been elaborated to be used as a course book in the unique two-year MSc Program – Management in Virtual Environments, offered by Kozminski University, Warsaw, Poland. The program is aimed at preparing “digitally native” students for the role of managers and specialists ready to take advantage of the Internet and network technologies in creating the competitive advantage of an enterprise.

More information about the program can be found on www.emanagement.kozminski.edu.pl