WORKING PAPER

Dogwood Kennel: An Old Dog Learns New Tricks

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Abstract

This case outlines the evolving marketing strategies of Dogwood Kennel. More specifically, the case traces the deployment of the implementation of an interactive website and database marketing.

Introduction

Dogwood Kennel (DK) is a family operated business specializing in the boarding, training, and grooming of dogs in Dogville, Texas. It is owned by a husband and wife team of Stephanie and Scott Sanderson. Stephanie's extensive AKC training and 23 years of experience in the breeding, training, grooming, and kenneling of dogs is complemented well by Scott's 15 year background as a narcotic detection K9 sergeant.

Scott's own personal interest in the growing presence of the Internet led him to develop a website for DK (in 2003). He has continued to add functionality to the website, and has incorporated a "shrink-wrap" database marketing solution, written specifically for kennel owner/operators into his Internet strategy. The result has been a profound increase in sales, and a consolidation of Dogwood's customer base and market position.

Competitive Environment

DK is one of three kennels operating in the county surrounding Dogville, TX. DK is located just off of the major Interstate highway that runs through Dogville. Of the three kennels in the county, DK is the only one which offers the full complement of services including kennels, grooming, and training. Further, DK is the largest of the three in terms of number and size of individual kennel facilities. DK has traditionally been the lowest priced kennels in the county.

In contrast to DK's generally broad appeal, Gazebo Kennel targets families; through it's location in proximity to the regional shopping mall and a focus on maintaining a kid-friendly environment. Pride Kennel is positioned as a more upscale hunting dog environment, with a limited number of runs and an emphasis on the boarding and training of hunting dogs. See Table 1 below for a brief overview of DK and its key competitors.

Table 1: Overview of Dogwood Kennels and Key Competitors

Kennel	# Runs	Price (per 24 hours)	Amenities
Dogwood Kennel	40	$9.00 starting rate	Indoor and Outdoor Kennels; 4ft. x 12 ft. runs; Climate Controlled; Grooming; Training
Gazebo Kennel	30	$12.00 flat rate	Indoor and Outdoor Kennels; 4 ft. x 10 ft. runs; Climate Controlled; Grooming
Pride Kennel	12	$18.00 minimum (varies based on size of dog)	Indoor and Outdoor Kennels; 4 x 10 ft. runs; Climate Controlled; Training

Marketing Strategy for Dogwood Kennel

Target Market: **Until the fairly recent implementation of a website and database marketing software, DK's targeting approach was undifferentiated. Both Scott and Stephanie grew up in Dogville, Texas and claimed to have a good "feel" for who the dog owners were and what they wanted in a Kennel. Traditionally, little information was collected regarding the owners and their pets (i.e., most information was recorded by hand in a notebook).**

Product/Services Strategy: **DK enjoys the positioning as the only full service Kennel in the market area, offering services in three key areas (i.e., boarding, grooming, and training). They traditionally offer free baths when customers board their pets.**

Price Strategy: **Primarily due to a concern for having too few customers to support their business, Scott and Stephanie have pursued a penetration pricing strategy. They traditionally maintain a keen eye on their competitors and consistently price at or slightly below their competitors for similar services. In an effort to entice customers to order more than one service at a time, they traditionally offer "bundled" pricing for combinations of services. For example, if a customer agreed to have their pet groomed while it was being boarded, they would receive a discount off of the front-line pricing for the grooming.**

Promotion Strategy: **Until recently, DK relied heavily on word-of-mouth and referrals for their business. However, they did allocate a nominal amount of their annual budget (less than $500) to pay for an advertisement in the local Yellow Pages. In addition, they produced a black-and-white brochure of their services, which they gave to their customers to take home as a reminder of the availability of their services.**

Distribution Strategy: **DK is located in an undeveloped area along the major Interstate highway that bisects the market area served. The relatively isolated nature of their location precludes any issues of the Kennel bothering neighbors. Also, their proximity to the Interstate makes DK particularly convenient for patrons who are on their way into or out of town.**

The Impact of the Website

When Scott Sanderson created the website for DK in 2003, his primary motivation was to learn about the Internet and post some pictures of the Kennel on the Internet for friends and family to enjoy. Since then, the website has evolved into a sophisticated tool for marketing:

- Photos of the facilities highlight the spacious accommodations, while photos of Scott and Stephanie caring for "guests" accentuate the caring atmosphere.

- A map of the location makes it easy for new customers to find DK. In an unexpected development, DK has begun to receive customers 20 miles away from Dogville. Potential customers have come to learn that DK is a convenient stop off on the way too and from the regional airport.

- The website has proven effective as a tool for creating awareness for new services and suggesting bundled offerings to customers.

- In perhaps the most important development, Scott has integrated the database tool with the website to allow customers to make reservations for their pets online. This not only is considered a "value added" service by DK's customers, but it also frees up limited management time from answering phones and taking reservations.

Since the website was created, DK has seen their trade area expanded beyond their home county to a fringe area as far as 35 miles away. In general, DK finds that their customers are much more knowledgeable about what they have to offer and tend to make use of more services per visit.

The Impact of the Database Marketing Tool

In 2004, DK implemented a database management software package to assist in running their business. The primary functionality of the software is to:
- Maintain a profile of customer data and preferences;
- Provide a scheduling tool for reservations;
- Assist in the development of invoices and the tracking of finances.

Dogwood soon began to leverage the benefits of possessing customer profile and activity data:

- **Newsletter:** DK initiated a newsletter which they emailed or sent via regular mail to all of their customers. The newsletter has been a very effective platform (along with the website) for informing customers of new services and suggesting bundled offerings to customers.

- **Customer Surveys:** DK has instituted customer satisfaction surveys where they ask customers if they were pleased with their services and solicit ideas for ways of improving their services. Based upon these surveys, DK has already instituted two new services:
  - They have begun stocking specialty dog toys and food items not available in local stores;
  - They instituted a new pick up/drop off service for customers who do not have easy access to transportation and/or are physically challenged.

- **Referral Program:** DK has instituted a referral program. For example, if a current customer refers a new customer to DK, they receive credit for one free night's stay at the kennel.

- **Loyalty Program:** DK has instituted a cumulative loyalty program. Over time, DK tracks the number of nights that a particular customer pays for. They have established a schedule of rewards (based upon the frequency of use of the services). The rewards span the gamut of their services (i.e., boarding, grooming, and training). The loyalty program has proven to be an effective means of cross-selling.

In addition, Scott and Stephanie Sanderson feel they have a much better idea of who their customers are. For example, they have used the database to determine that they have under-penetrated the significant senior market (many of whom are living in institutions or retirement communities), and are in the process of developing marketing plans to specifically address this segment.

Questions:

Q1)   Develop a survey that DK could use to determine the kinds of services the senior market would prefer?

A1)   The survey could include both general questions on the types of services DK already provides and specific services that DK could potentially provide to its large senior population in Dogville.
General Questions: Please rate your level of satisfaction on a 7 point scale (with 1=very dissatisfied and 7=very satisfied) with the following services:

Grooming	1	2	3	4	5	6	7
Manicure	1	2	3	4	5	6	7
Training Instructor	1	2	3	4	5	6	7

Specific Questions: DK is considering offering some additional services. Please indicate your level of interest on a 7 point scale with the following proposed services:

Pick-up and drop-off	1	2	3	4	5	6	7
Dog sitting	1	2	3	4	5	6	7

In the space below, please indicate any additional services you would want DK to offer.

Q2)   Develop a brief marketing plan that the Sandersons could use to market their services to the senior market?

A2)   Using the information compiled using the above survey, a Marketing Plan could be developed to target the 55+ market. Using the 4P framework, DK could offer additional services like dog sitting. Since most seniors are on fixed incomes, they could be given a senior discount for both individual and bundled services. Additional promotion could be done through the local AARP chapter and in publications widely read by seniors. Both pick-up and drop-off services could provide seniors, which can not drive, the comfort of knowing that their pet is well taken care off.

Q3)   Recommend some Internet marketing strategies that DK could develop and use to increase its market share.

Q3)   Before Scott could develop any specific strategies he should look to see from where, how, when, etc. visitors (to his website) are coming from. This can easily be done through web log analysis. To attract more visitors, he can put up banner ads, going web rings, provide discussion forums to potential customers.