



Market

HESPO in its 20 years of intense and continual development has undeniably become a market leader on the Croatian market for mattresses with an approximate market share of 48 percent. Hespo's production programme includes every product that is needed for healthy and tranquil sleep. Their products include mattresses, pillows, slat bases, quilts, upholstered beds as well as bedroom and child-room furniture. While Hespo doesn't have its own chain of retail stores, they sell their products through all renowned retail furniture stores in Croatia and the region of which 27 percent of sales is in export.

Besides having a wide range of home furnishing products, Hespo also developed two specialized products ranges. The first of them is intended for use in medical accommodations such as hospitals, special care centres, retirement homes and so on – while the second group is comprised of products for the hotel business and tourism. High-quality beds, mattresses and pillows have become a very important priority for most of the reputable hotel brands, which strive to ensure top-quality and high comfort of sleep for their guests. That is why Hespo feels justified pride because of their long reference list with a lot of respected hotel industry clients in Croatia and internationally. Great efforts they also put into educational informing of customers, private consumers, hoteliers and also medical specialists how important and crucial is to purchase sleep products properly and very carefully since that is the only way to ensure comfortable, quality sleep and sweet dreams for all.

Achievements

Quality of Hespo products and production was in 1998 internationally confirmed by receiving the Certificate ISO 9001, as one of the first companies in Croatia. Also, up until today, they received the ISO 9001:2008. Year after year, their quality has been affirmed through numerous prestigious and professional awards: the quality of their

development and business acknowledged, and have received many golden and silver medals of achievement for certain Hespo products. For a detailed look at a list of awards, visit www.hespo.hr.

And while Hespo exceptionally values these awards that are motivational for the further development and business activities – according to them, their greatest achievement lies in their customer's satisfaction which is self-evident by the growth of sales that rises year after year.

History

HESPO d.o.o. was established as a private company by Stjepan and Marija Hrešč in 1989, after ten years of doing successful private business in scrap plastic and machine construction in parallel company. In the beginning Hespo started with the production of wire-spring cores but soon they extended business by production of mattresses. At that time, production lines for springs as well as mattresses were constructed, produced and put into operation by their own machinery. From the very beginning up until now, Hespo has always been focused towards intense and continual development and modernization, which is rightly the reason why they earned status as the largest producer in its branch on the Croatian market very soon – not to mention that their spring production, at that time, covered 25% of the mattress market in western-Europe. Little by little additional products were put in production; so today besides the mattresses, their customers can choose from slat bases, pillows, upholstered beds and numerous furniture programs for home furnishing. Hespo distribute their products to the stores by own trucks and through one central and two regional wholesale distribution centres, one in Split and the other in Rijeka.

Continuous and intense product and production development has led to the registration of numerous world patents, which is the reason why they were noticed by the American company Leggett & Platt Inc. In May 2000 their spring and machinery productions were sold to them, while Hespo continues to entirely focus on further development and total modernisation of mattress and furniture productions.

Due to this in 2001, mattress operations moved to an 8,500 m² area of new built factory with the totally up-to-date technology, while in 2002 a new complex was built with an area of 7,000 m² where furniture production operations were moved to. Especially for Hespo's business needs, a high-tech computer software programme was developed and IT technology was implemented with which communications inside the company were greatly simplified, the control and

flow of business exceptionally enhanced and the entire production process was rationalized. Hespo today has an overall of 18,500 m² production area, app. 300 employees, produces 160,000 mattresses per year and generates a constant growth on the home and foreign markets.

Product

Hespo's product range can be divided into several main groups: mattresses, slat bases, upholstered beds and furniture. Also, in the meaning of specific users, Hespo can group their products in home furnishing ones, products for hotel industry and products for hospitals and other institutions for medical care.

The mattress programme has around 25 models under the Hespo brand name and a several private label lines for Hespo partners. By developing wide range of different mattresses Hespo takes into consideration divers aspects such as various buyers needs, wishes, sleep habits and of course their budget. This is why large Hespo® programme consists of almost any type of mattress you can find on the market – from bonnel and pocket spring mattresses, latex and HR foam mattresses to modern gel mattresses. By combining diverse layers with single-zone or multi-zone cores Hespo offers mattresses of different firmness, comfort levels and support properties in a lot of standard and nonstandard sizes. Hespo also produces mattresses with special fire-retardant features especially for premium hotels and ships and also the mattresses with the anti-decubital features for hospitals and other medical-care institutions. The programme is complimented with assortment of pillows, toppers and quilts. All the Hespo mattresses and pillows can be also supplemented with a matching Hespo slat bases and when these three products are properly combined the user gets the full quality and





maximum effect for a comfortable and healthy rest. While Hespo developed great business relationships with their suppliers, different institutions that perform sleep researches and also other mattress producers worldwide, they are always up to date on the latest novelties in their branch, and so, are always the first to introduce them on the market.

Another group of Hespo products are upholstered beds in diverse models, with or without storage while new and attractive models are constantly being developed. Customers can choose from a wide range of fabrics and leathers which will give their beds the final and characteristic look so it will perfectly match with their bedroom interiors.

Hespo is also fully focused on production of several furniture programmes for bedrooms, child-rooms and also rooms for teens. Each programme has a wide number of different elements that can be combined in a numerous variations, can be individually suited to the needs and wishes of every customer and would enhance every sleeping space in cosy, practical and interesting way.

What makes Hespo and their production programmes so great is their focus on the continual development of new and innovative models, constant raising of quality and their efforts to always be a step ahead of the competition with new trends and concepts, and up to date on consumer needs and wishes.

Recent Developments

Since November 2005 Hespo is owned by Swedish corporation HILDING ANDERS AB, which along with Hespo incorporates an additional 30 renowned European brands in the mattress and bed market segment. Regardless of joining the Hilding Anders Group, each company has retained their individual and recognizable brand identity – which is naturally true for Hespo as well, since they've already achieved a dominant role on the market. With the quality of its products, responsibility and fast and reliable deliveries, Hespo has attained numerous loyal business partners and by joining Hilding Anders Group Hespo has opened new possibilities for further continual development and the expansion on to new and attractive markets – all of which has given them an opportunity to become more important international subject in the mattress and furniture industry. What is more, with further exchanges of knowledge and



experience among sister companies Hespo will surely develop new quality solutions for healthy sleep, and so ensure additional value for their end consumers. Doing business aggressively, constant focus on development, accepting world standards of modern and competitive production, investment in expert technical staff and modern management, the realization of their very own ideas and designs, and constant product quality improvement – are all key elements and goals in Hespo's strategy to retain and strengthen their position as a market leader, not only in Croatia but in the whole region, as well as to achieve ever improving export results.

Promotion

Since Hespo strive to be #1 in top-of-mind awareness for bedding and healthy sleep products it isn't possible to achieve and keep that position without intense marketing activities. Their marketing philosophy is tied to business strategy and combines high impact media advertising, expos, detailed product brochures, point of sale promotion, education of the retailer's sales personnel, a value-added approach to the customers and PR activities focused on how much difference the right choice of a quality product will make when it comes to choosing a mattress, bed, pillow etc.

Hespo tries to use innovative methods of communication as well. Messages important for consumers are successfully passed on through intriguing slogans such as "Turn me over regularly" which implies the importance of ventilating the mattress or "...size matters too" used to catch consumers' attention about the perfect dimensions of the mattress and so on. A somewhat different method of promotion is used to advertise furniture and upholstered beds, because besides quality and functionality, visual aesthetic is even more important. That is why in this segment Hespo's message refers to how a bedroom is an intimate space where every day begins and ends, and how important it is that we create a soothing oasis of it – that will regenerate our physical and mental energy in the best possible way.

Brand Values

While Hespo doesn't have its own chain of retail stores, it has always been very important to portray a positive image of Hespo products and their qualities in the minds of sales forces in the furniture retail store business as well as in minds of the end consumers. Anonymous surveys taken among them characterized Hespo as a reliable

partner, that delivers quickly and securely and whose wide range of products never varies in quality. The fact that Hespo does business with great quality and reliability is self-evident in these attitudes and opinions. By maintaining the core values, regardless of how large Hespo company becomes, they plan to preserve what has always been special about the company. And the core values are: to conduct business with uncompromising honesty and integrity; be easy to do business with; high quality standards; make clients look like heroes and keep customer first in thoughts and decision-making process; work to grow wisely, seek to earn a profit and return on investment.

In Hespo they are convinced that the company personality is to be projected on the brand personality, and that its true value is in the minds and perception of consumers – therefore Hespo focuses all business, R&D, production and marketing activities towards the long-term satisfaction and loyalty of their customers. A combination of responsible and dedicated business conducting, careful and deliberated presentation of Hespo products' quality and advantages through many years and constant educational efforts about the great impact the quality of sleep to the quality of life – are all key factors that have led Hespo to

become the strong brand it truly is, which to consumers is synonym for comfort, quality and health.

www.hespo.hr



THINGS YOU DIDN'T KNOW ABOUT...

Hespo

- For quality sleep and rest, the mattress should be 30cm longer than the height of the user.
- It isn't necessary to have separate mattresses if one partner prefers a softer mattress and the other a firmer one – because Hespo offers a perfect solution with their Hespo Partner mattresses – two firmness in one mattress.
- Improper, low quality mattresses cause poor and restless sleep with a lot of turning because the body unconsciously tries to find a more comfortable position.
- It is untrue that the best mattress is the most firm one. A mattress must well support the natural body line, and not the other way around where the body is forced to take an unnatural position by trying to adapt to the mattress.

