

Survive or thrive: the value of data insight

Global
retail
report



A global retail report from Karen Pflug, CEO of Ikano Insight
on how data insight can make the difference between
surviving or thriving in 2021 and beyond

Data is powerful when simplified and made actionable



Survive or thrive: the value of data insight

A global retail report on how data insight can make
the difference between surviving or thriving in 2021



The global pandemic has impacted many aspects of our everyday lives, both professionally and personally. We've all faced our own challenges and have needed to adapt and find or create new ways of doing things we previously took for granted.

The retail industry has been among one of the hardest hit in terms of change. If you didn't have e-commerce capabilities pre-Covid-19, then you had to transform pretty quickly to survive lockdown and beyond.

Literally overnight, we turned to online shopping. The effect of being forced to 'stay at home' left us with no other choice but to shop online as the physical shopping experience was no longer an option.

Whether it was sport and fitness-related, home improvements, all-things-food or a new wardrobe of home leisurewear, many of us took to our keyboards for both necessity and to satisfy our need to stay connected to brands we know and love, or discover new ones.

So, what does this acceleration in online shopping mean for the retail industry? If you've survived, then it means there's both a demand for your products and you've made them available in the right places.

Together with Tom Hutchings, Head of Analytics at Ikano Insight, and the rest of our team of experts, we have pulled together this report which looks at the current state-of-play within retail and how the right customer data insight strategy can make the difference between surviving or thriving in our brave new retail world.

I hope this report strikes a chord and that 2021 turns out to be a fruitful and more positive year for all."

Karen



Karen Pflug is CEO of Ikano Insight and has over 25 years' experience with global retail and lifestyle brands such as IKEA, Nike, Reebok and Triumph International. Connect with Karen on [linkedin.com](https://www.linkedin.com)

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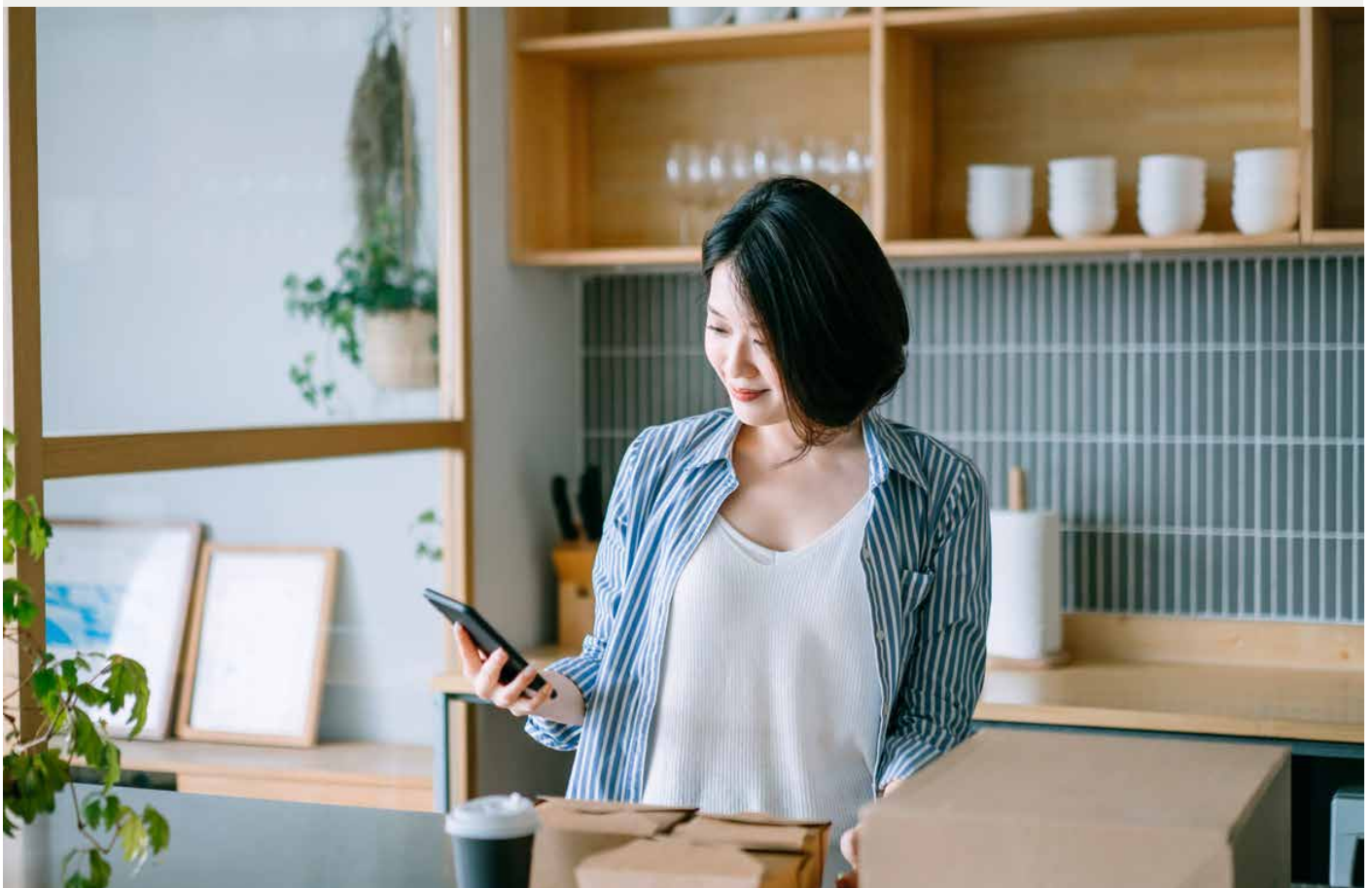
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We have seen brands quickly pivot and be really entrepreneurial

Karen Pflug
CEO

The homebody economy

In the last year, we've seen the rise of the homebody economy - products and services designed to cater to stay-at-home consumers. Consequently, new behaviours and buying patterns emerged.

According to PWC's recent Global Insights survey of city dwellers, 36% of consumers said their household spending had increased in the area of entertainment and media, and 26% said it had increased in the combined area of DIY, home improvement and gardening.

Well-being and self-care have also become increasingly important during the pandemic, as they make a conscious choice to have a healthier lifestyle. In Bain & Company's survey 'How Covid-19 Is Changing Southeast Asia's Consumers', when asked to prioritise their purchasing criteria, 39% of consumers in Southeast Asia, regarding their digital behaviours, cited health and wellness as a top priority.

"In the last year we have seen brands quickly pivot and be really entrepreneurial to respond to these changing customer needs and behaviours," says Ikano Insight's CEO Karen.

"The winners are those who have access to customer data and understand what it means, they have been able to adapt and stay one step ahead; predicting what consumers are going to want or do next. They have used data and insights to their advantage and been able to target customers in an incredibly dynamic and relevant way; whilst influencing the shift in behaviours to a greater extent than ever before."

Extended lockdown measures have prompted a rise in indoor exercise with the global fitness equipment market growing by 170%

Research World





The homebody economy: a retail opportunity

At the moment there's a fantastic opportunity for retailers to capitalise on the huge amount of data made available from the recent surge in online traffic.

The question is where do you start? How do you consolidate the data and unlock the truth behind it to give you intelligent and actionable insights?

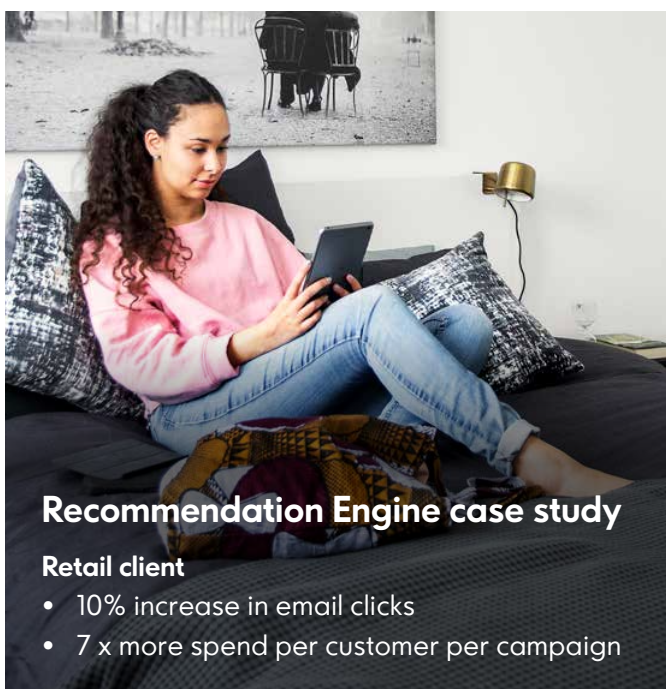
Karen, Ikano Insight's CEO, comments,

“Understanding shifts in behaviour and spotting trends is critical for success right now.”

“At Ikano Insight our approach is very much about the human dimension; combining smart data science with our genuine desire to understand people and to tell the story behind the data.

“It's not data for data's sake, it's about really tapping into your customers' needs and wants to create an effective marketing strategy, based on real insights rather than just gut instinct.”

**The Ikano
Insight
difference**



Recommendation Engine case study

Retail client

- 10% increase in email clicks
- 7 x more spend per customer per campaign

Use data storytelling to understand and engage customers

- ✓ Our experienced analytics and insight team are skilled data storytellers and take a holistic view of the customer.
- ✓ We use Advanced Analytics, machine learning and segmentation modelling to truly understand and predict your customers' behaviours.
- ✓ The real value is in applying this insight to create highly personalised and targeted customer communications, as part of an effective CRM data-driven strategy. This will, in turn, drive brand loyalty and sustainable growth.

Tom Hutchings, Head of Analytics



Ikano Insight's data insight paved the way for us to understand our customers' behaviour

Yulia Avtonomova
Loyalty Leader - Customer
Engagement & Loyalty
IKEA Russia

Homebody economy: featured case study



How we
helped IKEA
thrive with data

When Russia locked down to prevent the spread of Covid-19, we worked with IKEA Russia to quickly pivot their email communication strategy from driving in-store sales to online sales.

The insight-driven revised series of emails inspired IKEA's customers to see their home differently and delivered outstanding results.

We applied Advanced Analytics to assess historical buying behaviour, historical campaign data, historical online sales performance by product and the key customer segments – each of whom then received a personalised, tailored email with relevant IKEA product suggestions to help them adapt their homes for working/playing.

The campaign open rates, click-through rates and customer spend levels hit new records for IKEA Russia in terms of email communication effectiveness creating year-on-year growth, despite the pandemic.

Our IKEA connection

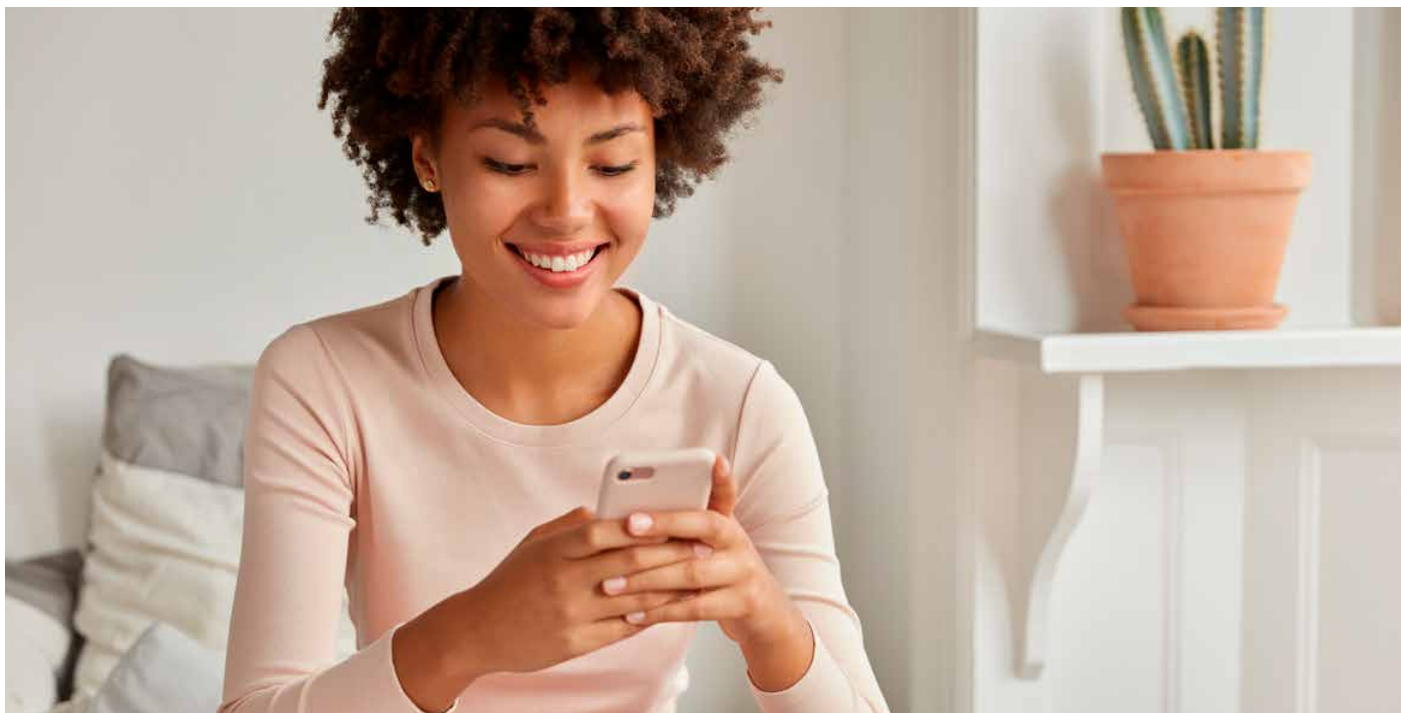
We have strong connections to IKEA and are proud to work with them on a global basis, including with their IKEA Family card.

As a company, we are part of Ikano Group (which was originally part of IKEA).

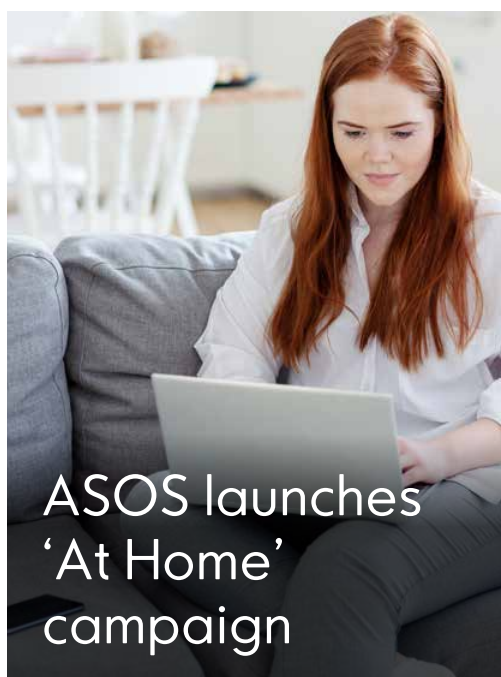
We each have our own identity, but we share the same values as IKEA and across Ikano, including a desire to simplify people's lives.

Our heritage is rooted in Scandinavian simplicity, with togetherness and daring to be different at the heart of everything we do.

**From the
founder
of IKEA**



Homebody economy: featured case study 2



ASOS launches 'At Home' campaign

ASOS is a great example of a brand that responded to new homebody behaviours; shifting their product offer from events wear to lockdown casuals and investing in online promotional activities to engage existing and new customers.

The brand highlighted the stay-at-home lifestyle, with ASOS models sharing pictures of themselves on social media in natural home settings and the #AtHomeWithASOS hashtag. There were also live events such as fitness sessions, beauty regimes and DJ sets to drive traffic to the retailer's website and encourage consumers to 'buy in' to the new lockdown lifestyle by purchasing ASOS casual wear.

The brand received over 79m engagements across social channels during 2020, with over 200m video views and over 275m story views. This resulted in strong global sales growth and an increase in the brand's active customer base.

Ikano Insight's CEO Karen says, "I was impressed with how ASOS adapted their communication strategy so quickly.

"Being able to have one single customer view, which is what our Customer Data Platform does, gives retailers the insights needed for effective campaign planning. The retailer is aware of every interaction a customer has with a brand and that forms patterns and you can do scenario planning and predictions.

"That's the power of data, it gives retailers a chance to be more agile - to identify opportunities and be relevant to customers."

Please note that ASOS is not an Ikano Insight client



**Consumers
are looking for
brands they
can trust**

Karen Pflug
CEO

The importance of brand trust

Alongside the emergence of new spending patterns, research highlights that consumers are prioritising how they shop with brands. They are being drawn to those that demonstrate social responsibility and authenticity; brands that can show they care about the planet, as well as their customers.

In their Global Consumer Insights survey, PWC states, “No one knows for sure just how many of the consumer behavioural changes accelerated by Covid-19 will gain permanent traction, but our recent consumer research is pointing to an increased desire among citizens for transparency, sustainability, cleanliness, community living and social consciousness.”

Mckinsey’s Covid-19 Consumer Pulse surveys backs this up, stressing that whilst value remains the primary reason for consumers to try new brands, quality and purpose are becoming more important considerations.

Karen, CEO at Ikano Insight, comments: “Although this trend started pre-Covid-19, it intensified in 2020 with people becoming more focused on community and social responsibility, acting as a force for good during the pandemic. A brand’s values and motivations have become more important to its customers.

“Reliability is also a high priority. We are living in uncertain times and consumers are looking for brands they can trust.

“Wanting better value, getting goods sooner and feeling happier and safer are key considerations for consumers and an absolute given right now. Data insight can help you understand what’s most important to your customers; enabling you to meet their needs and give you a competitive edge.”





The importance of brand trust: a retail opportunity

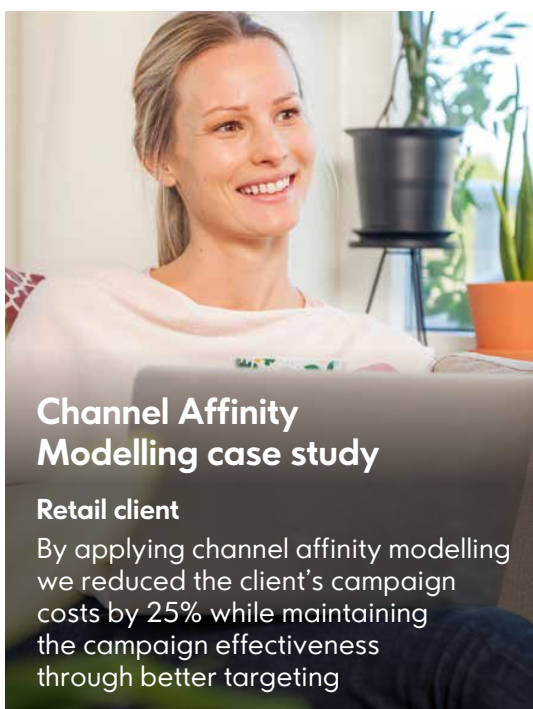
When it comes to brand trust, communication is key, Ikano Insight's CEO Karen explains:

“To create a deeper connection with your customers, it is essential to make your brand purpose clear and be authentic and consistent across all brand touchpoints.

“It is also important to understand your customers' individual needs to ensure they don't feel like 'one of many'. When customers feel they are understood and listened to, they are more likely to be loyal and trust in you. It's about communicating the right messages, in the right way, at the right time, through the right channels.

“At Ikano Insight we use our Recommendation Engine to ensure a tailored and personalised experience for customers, across all brand touchpoints. Providing this one-to-one marketing experience is key to cultivating long term customer relationships.

“Secondly, fulfilling the promise and living up to consumer expectations is really important. Brands often say they put the customer first, but their actions say otherwise. With online ordering, for example, if your supply chain and logistics teams have real-time visualisation dashboards, they can track stock availability and issues; enabling them to be agile to meet changing consumer demand. We, as consumers, have high expectations around speed of delivery, with the rise of services offering same day or next day options. Being able to centralise and visualise your data, in easy-to-understand ways, enables you to drive efficiencies throughout the value chain, be more reliable and build trust with your consumers.”



Channel Affinity Modelling case study

Retail client

By applying channel affinity modelling we reduced the client's campaign costs by 25% while maintaining the campaign effectiveness through better targeting

The Ikano
Insight
difference

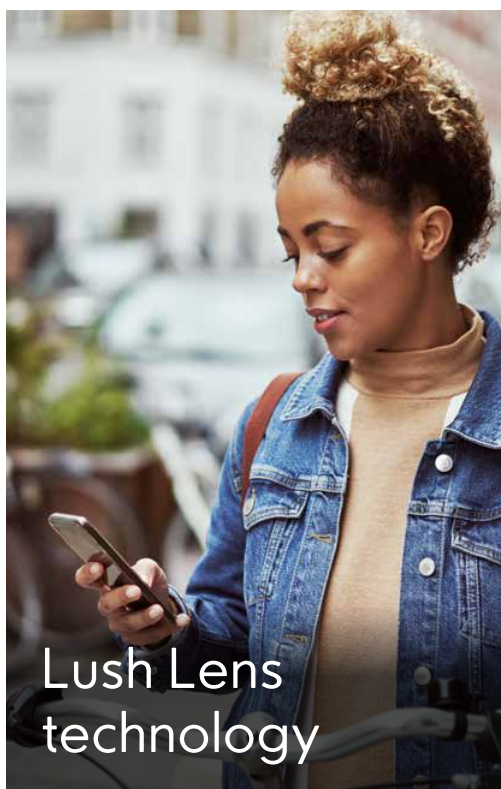
Use data insight to build better trust and connect with your customers

- ✓ We're grounded in data but it's our passion for understanding the people and stories behind the data that makes us unique.
- ✓ This humanistic approach enables you to create strong connections and sustainable trust between your customers and your brand.
- ✓ We use predictive analysis to establish channel affinity so that we can communicate with customers in the right channel(s) and our campaign analytics test, refine and optimise for continuous targeting improvement.
- ✓ Additionally, we use retrospective analysis of content and natural language processing to test the optimum subject lines as well as using personalised content.

Tom Hutchings, Head of Analytics



The importance of brand trust: featured case study



A retailer that has consistently proved its authenticity and commitment to customers, when it comes to brand values, is Lush - the handmade cosmetics retailer founded in the UK and now operational across the world.

Active in supporting global social and environmental causes, in 2018 the company created the Lush Lens concept; an example of augmented reality technology to provide an enhanced shopping experience and also reduce plastic packaging.

AI and machine learning-based, the Lush Lens app aims to drive sustainable practice, whilst providing product information you normally find on the packaging. It's a fun twist. The app allows consumers to find out more about an unpackaged product without picking it up. One photo of the product and the customer learns about its ingredients, benefits and use, and can view demo videos.

Karen, CEO at Ikano Insight, says, "The genius of the Lush Lens is that, by removing the need for packaging and labels, it serves two key purposes; it delivers an innovative customer experience, whilst demonstrating the brand's commitment to its ethical and sustainable principles.

"Lush Lens is just one example of how the beauty brand excels at delivering personalised experiences, underpinned by strong brand values, to build authentic customer relationships and increase brand affinity and loyalty.

"Taking a more humanistic approach to data insight, using targeted personalisation and other CRM techniques, helps you to create strong connections with your customers and build brand trust."

Please note that Lush is not an Ikano Insight client



Retailers need to create a compelling in-store experience

Karen Pflug
CEO

The return to physical stores

Global research suggests that consumers will continue to be hesitant, when it comes to physical store shopping.

Ikano Insight's CEO Karen says, "With people now more used to shopping from the comfort of their own homes, the ease of convenience that online shopping, apps and social media afford poses a real threat to physical store shopping.

"Your local high street or mall needs to become something else; it needs to be all about the experience and feeling connected with others.

"You don't traipse into a shop to buy something you can just as easily buy online; it's got to be a compelling experiential offer. So, how do you form a connection with your customers and make it worth their while getting on public transport or driving to the store, versus sitting on the couch and shopping on their phone?"



"At the same time, I think people are craving human connection. When China's lockdown lifted, there were huge queues in the shopping malls, people queued for two hours to go into a store despite potential wellbeing and safety concerns. That desire to connect with other humans and connect with a brand that understands you is very powerful. The retailer needs to consider how they can make that in-store experience compelling enough to tempt back customers."

In their report 'Adapting to the next normal in retail: The customer-experience imperative' McKinsey & Co states, "to adapt to new customer behaviours and preferences, retailers will need to evaluate their current omnichannel offerings and find opportunities to innovate and fill gaps."

Karen says, "It's no surprise that the real winners will be the retailers seamlessly integrating their digital and store experiences and data will play a key role in this."

83% of those shopping online say they are likely to continue their increased spending online after restrictions are lifted.

Bain & Company



The return to physical stores: a retail opportunity

Making sense of omnichannel behaviours, when it comes to online vs. offline shopping, is a big challenge for retailers, says Ikano Insight's CEO Karen: "For example, you may have shoppers who are quite happy to source a saucepan online but when it comes to a higher value home purchase, such as a sofa, they are more likely to want to try before they buy. This is where the in-store experience is all important.

"Understanding purchasing habits and spending patterns and developing personalised content, to meet customers' needs, is where data insight plays a key role in encouraging customers back to the physical store."

Data can also help with influencing customers' behaviour in-store and improving customer engagement at key visual touchpoints. Ikano Insight's Attention Optimiser tool uses in-store insights to inform tactics which completely transform your customers' experience.*



CRM case study

Retail client

Our refocused data-driven communication strategy resulted in 107% increase in-store/online visits and 165% increase in average customer spend in the client's winter sales campaign.

Karen says, "Brands who intelligently use data insights to understand their customers and take an innovative approach to creating unique and compelling experiences, both offline and online, will be the real winners in the post-pandemic society."

The Ikano
Insight
difference

Use data insight and develop an effective omnichannel strategy

- ✓ Our skill is in data storytelling: simplifying and making sense of your omnichannel data so you can understand the shifts in customer behaviour based on actionable insights.
- ✓ Our analytics expertise enables you to better respond to changes in customer behaviour.
- ✓ Our predictive basket analysis enables us to anticipate what products are relevant for each customer, whether their preference is shopping through ecommerce or in-store.
- ✓ Providing this information in near real-time through our dashboard means we can share valuable insights to marketers, sales teams and store managers – enabling them to quickly understand product uptake by location. We create insight that can help retailers prepare themselves for a post-Covid-19 world.

Tom Hutchings, Head of Analytics

*See page 16 for product details.



The return to physical stores: featured case study



Farfetch, the leading global platform for the luxury fashion industry, has demonstrated vision when it comes to bringing together the offline and online to create an innovative in-store customer experience.

The 'store of the future,' unveiled in April 2020 takes customer data collected online and applies it to the in-store experience with their partner boutiques around the world. Farfetch do this through augmented reality, emotion-scanning software and innovative payments solutions.

The idea is, with the app on your phone, as soon as you walk in the door, the assistants will have an immediate understanding of your purchasing habits and likes. In-store tech, provides further crucial data regarding customer behaviours. The connected clothing rack, for example, records items customers pick up, whilst the touch screen mirror records their in-store size and style selections.

Karen, Ikano Insight's CEO, explains, "The 'store of the future' model illustrates the importance of data insight for retailers looking to deliver an ultra-personalised and exceptional in-store experience, whilst understanding more about their customers' behaviours in the real-world shopping environment.

"It is also the perfect example of a seamless brand experience; customers are able to switch easily between offline and online."

Please note that Farfetch is not an Ikano Insight client



Make customer retention your top priority



Online shopping, by its nature, creates a much greater volume of data compared to shopping in-store. Even if you were a pure play online retailer before the pandemic you will have collected a lot of new data in the last year.

When used properly, this data gives retailers a tremendous opportunity to really take hold of their business and nurture every single customer whilst the brand and experience is still fresh in their minds.

We work with you and your data to truly get under the skin of your customers; revealing valuable data insight based on their behaviour. This includes understanding what motivates them, knowing when, how and where to communicate with them for optimum engagement levels, increased loyalty and greater ROI.

Our humanistic data insight approach enables you to create sophisticated personalised marketing and customer experiences based on intelligent analytics rather than gut instinct.

Brands need to position themselves for the future. Now, more than ever, all businesses have to be adaptable and flexible to survive on the 'high street'. It's about doing everything you can to leverage the data you have and think differently.

Tom



Tom Hutchings is Head of Analytics at Ikano Insight and has over 15 years experience in data analysis with brands such as O2, Pharmacy2U, eharmony and IKEA. His expertise includes predictive modelling, business intelligence and segmentation. Connect with Tom on [linkedin.com](https://www.linkedin.com/in/tomhutchings)



Data insight enables you to deliver a great customer experience and gives your brand a competitive edge

Karen Pflug
CEO

In summary: harnessing data to survive and thrive

Covid-19 has changed consumers' expectations. Connecting with a brand and having a great customer experience has never been more important. Having spent time away from family and friends in the last year, people are craving meaningful interactions. Customers want to feel valued; to have their needs identified and fulfilled. Furthermore, as we have seen in this report, consumers are now more focused than ever on engaging with brands that demonstrate a higher purpose. Ikano Insight's CEO Karen says,

“A brand leading with purpose, is much more likely to connect with its customers on a deeper level and be seen as authentic and trustworthy.”

The trend to ensure malls are seen as more than mere shopping destinations will continue. Retailers, keen to tempt customers back to physical stores, will look to incentivise customers by increasing their entertainment offering and introducing compelling discounts and promotions. More thought will also be given to creating innovative store spaces that address customers' needs.

Accelerated digital innovation coupled with revolutionary in-store augmented and virtual reality technology will transform retail; offering customers seamless omnichannel experiences and enabling retailers to achieve exceptional levels of consumer insight like never before.

Tech-aware brands, positioning themselves for the future, will use these insights to innovate; offering enhanced and sophisticated personalised experiences, both online and offline.

Karen comments, “You are not an anonymous shopper in the brick-and-mortar store anymore. Covid-19 has rapidly hastened the development of the retailer knowing more about your shopping preferences and habits than ever before. This offers boundless opportunities for brands to not just survive but also thrive - building powerful connections with customers and increasing brand loyalty.”

In their report ‘Covid-19 Is Changing Southeast Asia's Consumers’, Bain & Company state, “Companies that view the pandemic as a catalyst for change and an opportunity to get closer to their consumers will maintain their footing and grow stronger in the recovery.”

Karen adds, “Data enables you to truly understand and relate to your customers; meeting their changing needs and enhancing their experience of your brand. We believe that harnessing your customer data and unlocking valuable data insights is critical to growing and future proofing your business. Having a data strategy will not only help you make better business decisions, it will also give you the competitive edge you need in today's challenging retail sector.”



Understanding your world

We pride ourselves on having depth of experience, across a variety of sectors within our team.

This enables us to truly listen to you and focus on your challenges and objectives so we can develop a powerful data strategy that delivers against your specific needs and KPIs.

Here's a flavour of our international sector experience:

- ✓ Retail
- ✓ Pure-play ecommerce
- ✓ Food & Drink
- ✓ Entertainment & hospitality
- ✓ Telecoms
- ✓ Insurance
- ✓ Manufacturing
- ✓ Financial services
- ✓ Pharmaceutical
- ✓ Government



Look out for future Ikano Insight news

If you enjoyed reading this report, look out for more interesting articles, whitepapers and reports coming your way soon...

If you've opted in to receive marketing communication from us, when downloading this report, you'll be one of the first to receive details and we very much look forward to sharing them with you.

Thank you for your interest in Ikano Insight and we hope 2021 is fruitful and positive for you.



Survive or thrive: the value of data insight

Wherever you are in your journey to be more data-driven, our experienced analytics and insight team can help you across three core expertise areas to transform your valuable data into actionable insights.

Our expert-led capabilities are complemented by a range of products and services for a complete data insight solution. Our core product range includes ready-made data platforms, visualisation tools and other automated solutions. Each has been developed to deliver a powerful data insight solution that works for your brand and industry.

Ikano Insight expertise

Business Intelligence

Transform your KPI and trend insights with on-demand data visualisation.

CRM & Engagement

Generate greater ROI with a proven CRM strategy.

Advanced Analytics

Increase profitability and improve business efficiencies.

Ikano Insight core products

Customer Data Platform

Centralise your data and create a single view of all customer interactions.

Recommendation Engine

Deliver highly targeted and relevant up-sells and cross sells to your customer base.

Marketing Automation

Automate omnichannel marketing activity and simplify your campaign processes.

eCard

Extend the reach of your loyalty programme with a sustainable and mobile-first digital loyalty card.

Data Visualisation Dashboard

A fully automated, cost-effective dashboard for on-demand business intelligence insight based on key KPIs and trends

Attention Optimiser

Ensure your target audience see exactly what you want them to see with cutting-edge neuroscience.

Sharpen your competitive edge

To find out more about our products or to book a consultation with a data expert, please email info@insight.ikano, call +44 20 7836 5656 (UK, Europe, Asia & Rest of World).



Ikano Insight London office, Uncommon Borough,
www.uncommon.co.uk

International reach, local approach

Our diverse team of highly skilled insight experts are based in the UK, Europe, North America and Asia so we can work with you in any time zone.

Find out how data insight could transform your business.

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Get in touch today

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