

DIGITAL
STRATEGY
AUDIT

FURNITURE

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AGENDA

FURNITURE INDUSTRY

METHODOLOGY

SITE & E-COMMERCE

SEARCH & DIGITAL MARKETING

SOCIAL PLATFORMS

MOBILE & DISPLAY

RECOMMENDATIONS





FURNITURE INDUSTRY


SPOTLIGHT:
IKEA

Furniture Industry: Competitor Benchmarks

Furniture Industry 2014 Sales (in millions)

Company	Sales
IKEA	$4,600
Ashley Furniture	$3,309
Raymour & Flanigan	$1,142
Wayfair	$1,100
Crate & Barrel	$760

Source: Furnituretoday.com

Furniture Industry: Setting the Stage

Purchases are much more considered than in other product categories.



Which means:

Brands have the opportunity to influence along the path to purchase with an effective digital strategy.

Sources: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015); The Role of Digital in the Furniture Shopper Path to Purchase (Google, 2012)*

Furniture Industry: Setting the Stage

Path to purchase - omnichannel shopping is driving in store revenue:

CATEGORY SEARCH

Consumers begin with a non-branded category search, i.e. "sectional sofas"…

which means retailers should adjust their **SEO strategy** to reflect this behavior

BRANDED RESEARCH

then narrow down to several brands and visit each of their sites, comparing prices, reviews, etc…

which means a superior **site and e-commerce experience** is key, as is a robust **retargeting** program

CHANNEL SWITCHING

then volley back and forth between online (mobile) and brick-and-mortar to continue research…

Which necessitates an optimized **mobile experience.**

PURCHASE

then typically buy in a brick and mortar location.

which is where **in-store apps** and technology can help guide customers

WEBROOMING

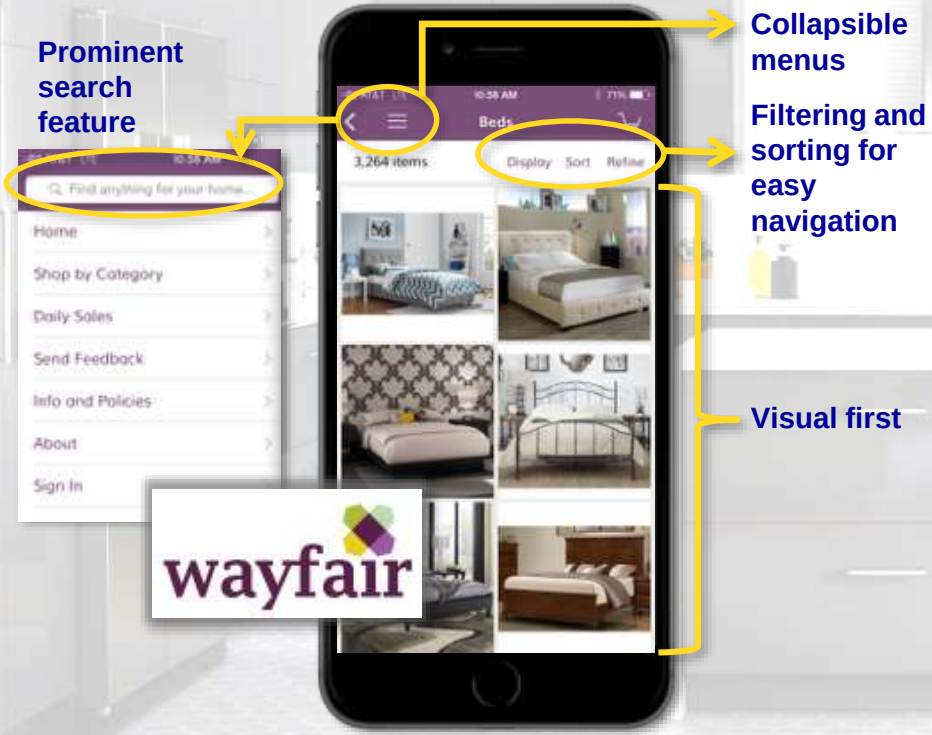
31% of purchasers research online, then buy in store

74% of furniture is bought in person.

Sources: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015); The Role of Digital in the Furniture Shopper Path to Purchase (Google, 2012)*

Furniture Industry: Setting the Stage

Smartphones are driving significant growth in the category.



50% More than 50% of home furniture searches will come from a smartphone by end of year

40% of shoppers who price-check on a phone in store will end up buying from a competitor

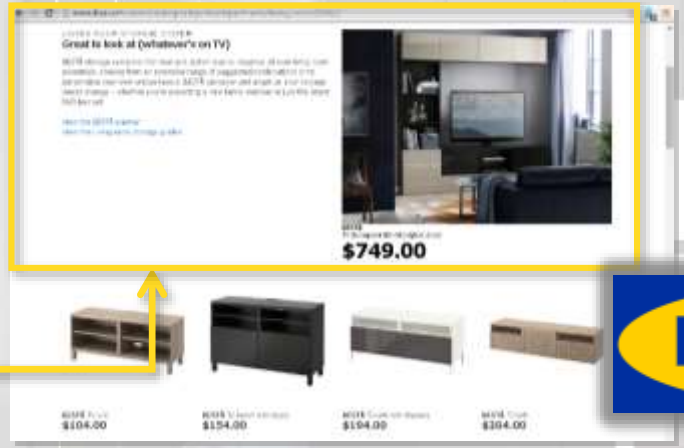
Which means furniture retailers must have:

- **responsive design** for easy viewing
- **optimized mobile search** to remain in consideration set
- **fast load speed**
- **superior in-store apps** that guide customers through purchase funnel

Sources: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015); The Role of Digital in the Furniture Shopper Path to Purchase (Google, 2012)*

Furniture Industry: Setting the Stage

By 2018, **70%** of purchasers will use brand **websites** to research before purchase, whether in store or online.



Content woven into product grid pages helps shoppers contextualize furniture pieces and can provide expert advice without interrupting the browsing experience

Guided selling tools can help move consumers move through the planning phase, allowing them to make more efficient use of in store visits.



Sources: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015); The Role of Digital in the Furniture Shopper Path to Purchase (Google, 2012)*

Furniture Industry: Headwinds

Shoppers becoming more likely to think of the item, not the brand- the emergence of sophisticated e-retailers is pushing shoppers to rethink how they research options.



Biggest Threat: **Wayfair**

- Wayfair has changed the game, and has largely been an exception to the “pure play e-commerce does not work” mantra
- Why have they been so successful? **They’ve mastered search**, and they have a best-in-class mobile app and site experience.
- And they’re growing
  - **76.7%** YOY net revenue growth
  - **61%** YOY increase in active customers
  - **8.3%** YOY growth in average order value
  - 35% of sales come from mobile

BUT…

Source: http://bostinno.streetwise.co/2013/02/04/why-wayfair-works-when-most-e-commerce-fails/; http://www.businesswire.com/news/home/20151110005547/en/Wayfair-Announces-Quarter-2015-Results

Furniture Industry: Headwinds

Wayfair has never turned a profit, as its customer acquisition costs are sky high. Owning the top paid spot for nearly every short and long-tail category search term gets expensive, as do ramped up TV ad campaigns.

Bottom Line:

There is a strategic opening for **omnichannel** retailers like IKEA, as their expansive **brick and mortar presence** gives them the means to do things Wayfair cannot:

- in store pickup and returns
- give customers the opportunity to see and touch products before they buy
- delight customers with hybrid digital-physical experiences while in store.

But IKEA is still getting the easy things wrong.

It must fix these issues first:

- ✖ No free shipping
- ✖ Slow mobile speeds
- ✖ No product reviews
- ✖ Poor SEO and SEM strategy



METHODOLOGY

Methodology

Site & e-Commerce	Search	Social Media	Mobile/Tablet
30%	35%	10%	25%
Product & Content Pages: Shop the room, Registry, UGC, Shoppable video, reviews, multiple views, cross selling	**Search:** Global rank, percentage of traffic from search, sources of traffic, sites also visited, organic keywords, paid keywords	**Facebook:** Fans, posts, likes, comments, shares interaction rate, response rate	**Mobile Experience:** Mobile friendly, speed, user experience, prioritization of visual content, app rating, # times featured in iTunes Store, geolocation, swipe between screens, search, sorting
Account: Guest checkout, eCRM gathered during email signup, loyalty program, Social login	**Mobile Search:** Different description, mobile-friendly badge, geo location/map, accordion links	**Twitter:** Followers, tweets, rewets, favourites, mentions, replies, response rate, sentiment, passion reach, unique authors	**Tablet Experience:** Space savings navigation, swipable image galleries, endless scroll, fluid grid, 1-page checkout, touch versions dropdown menus, finger-size buttons,
Commerce: # clicks to get through purchase funnel, in store inventory, free shipping	**Branded Search:** Paid ad on top of page, search box in results, Google knowledge graph, organic first position listing, social media page link, organic site/category links, maximize share of real state	**YouTube:** Subscribers, # videos, views/day, i-rate, search visibility, customized home, link to purchase in video, performance and optimization	**App Availability:** Mobile app, in-store app, tablet app, eCommerce/Catalog app, Android, iOS, Windows
Technology: 360 views, customization, guided selling tools, sharable on social media	**Keywords Search:** bed frame, sofa, furniture, storage furniture, TV stand, kitchen furniture, dining room table	**Instagram:** Followers, posts, likes, comments, i-rate, brand mentions, comment score, link to product, UGC	**Features:** Mobile payment, integration with Apple Pay, click and collect, in-app purchase, in-store inventory, reserve in store, curbside pickup, UGC, in-store map, promotions, native camera, augmented reality
Search and Navigation: Quick view, load time, filtering, sorting, search bar, autocomplete	**Traffic:** retargeting, bounce rate, unique site visitors, page rank	**Pinterest:** Boards, pins, likes followers, following, link to product, price information, search visibility	
Customer Service: geo store locator, live chat, targeted email for support, segmented customer service			

Overall Ranking

Rank	Organization	Score
1	wayfair	67.9
2	Crate&Barrel	64.2
3	IKEA	64.0
4	Raymour & Flanigan FURNITURE	48.5
5	ASHLEY FURNITURE HomeStore	44.5
	Average Score (out of 100)	57.8

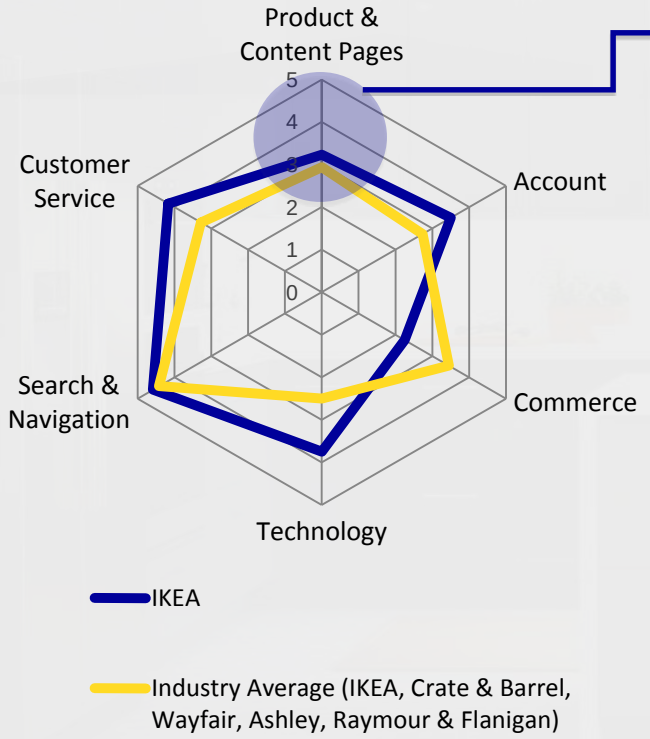
Overall Scoring

Digital IQ Rank	Organization	Weighted Score				Total Digital IQ Score
		Site and eCommerce	Search	Social	Mobile/Tablet	
		30%	35%	10%	30%	
1	Wayfair	18.2	27.5	4.9	17.2	67.9
2	Crate & Barrel	21.2	22.8	6.5	13.7	64.2
3	**IKEA**	**20.8**	**20.4**	**6.9**	**15.9**	**64.0**
4	Raymour & Flanigan	20.0	14.4	3.8	10.3	48.5
5	Ashley Furniture	16.4	19.9	3.1	5.1	44.5
Average		19.3	21.0	5.0	12.4	57.8



SITE & E-COMMERCE

Site & E-Commerce



Key Dimensions: Product & Content Pages

Winning Areas:

- Guided selling tools
- Branded content weaved into shopping experience
- In-store inventory and returns

Losing Areas:

- Product reviews
- Gift registry
- Recently viewed products
- In-store pickup/no free shipping

Growth Areas:

- Reserve online/pick up in store
- Free shipping
- User Generated Content
- Shoppable Video

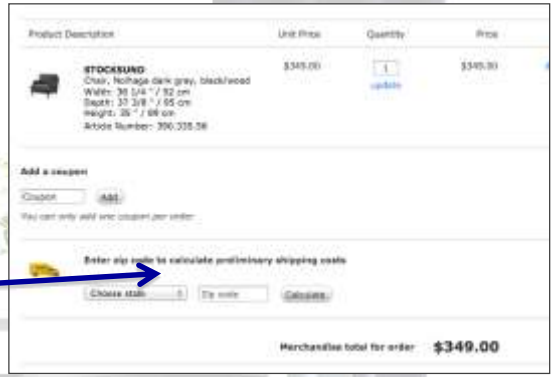
Winning: Shop the Room & Branded Content

Gives consumer inspiration and cross-sells coordinating products



Moves customers through the purchase funnel







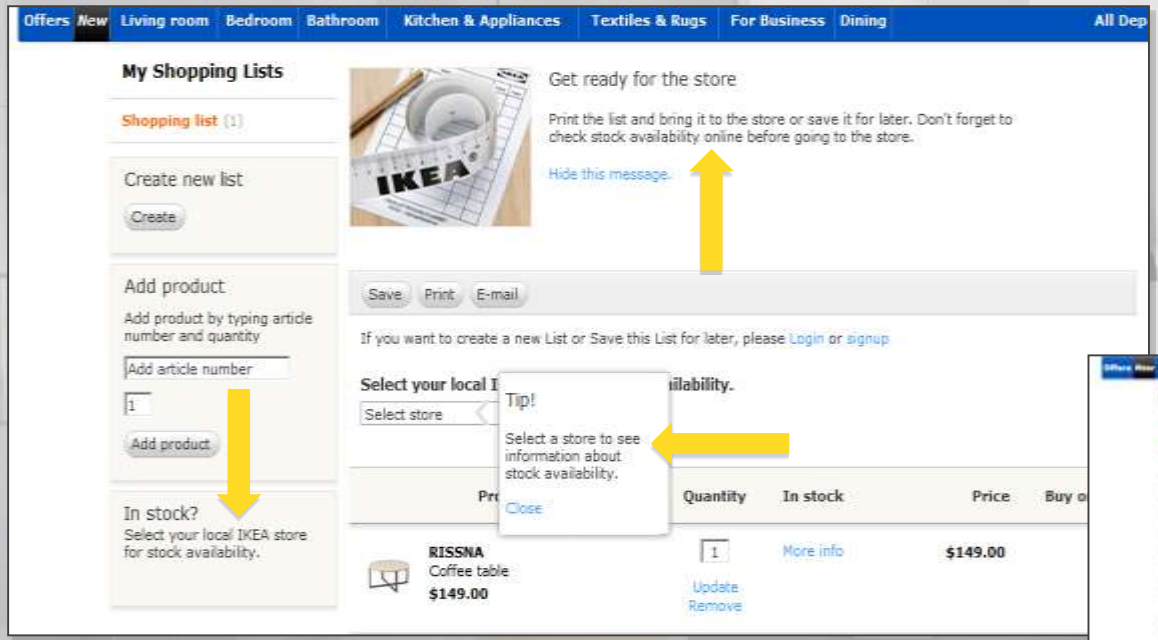
Adds texture to the shopping experience and guides consumer to purchase



Why this matters:

125% uplift in purchase intent for items between $50-399 with branded content
(source: L2)

Winning: In-store Inventory & Returns



- **25%** of furniture is purchased online vs. **74%** in person (Google, 2012)
- Buy-online, return in store nets **95%** of original sale and keeps consumer in the purchase funnel



31% of consumers engage in **webrooming** where they research online but buy in-store (Google, 2015)

Losing: Product Reviews & Gift Registry

Missed opportunity to tap into **$19 billion** wedding registry industry

	Gift Registry	Recently Viewed Products
IKEA	X	X
Raymour & Flanagan	✓	✓
Ashley	✓	X
Wayfair	✓	✓
Crate & Barrel	X	X

Makes it difficult for consumer to compare products and keeps them on site longer.

Source: https://econsultancy.com/blog/9366-ecommerce-consumer-reviews-why-you-need-them-and-how-to-use-them/

Wayfair



More Options: Color »

Sectional

by Signature Design by Ashley

from $821.62 ~~$1,035.22~~

Free Shipping

★★★★★ (47)

IKEA



LANDSKRONA Sofa and chaise lounge

$1,399.00

?

- **63%** of customers are more likely to purchase from a site that has user reviews
- **Consumer reviews** are trusted nearly **12x** more than descriptions from manufacturers
- Reviews product an average **18% increase in sales**

Growth Areas: Reserve online/pick up in store & free shipping

	Free Shipping	In-store pickup
IKEA	X	X
Raymour & Flanagan	✓	✓
Ashley	✓	✓
Wayfair	✓	X
Crate & Barrel	X	✓

Bottom Line: IKEA needs to take advantage of its omnichannel presence.

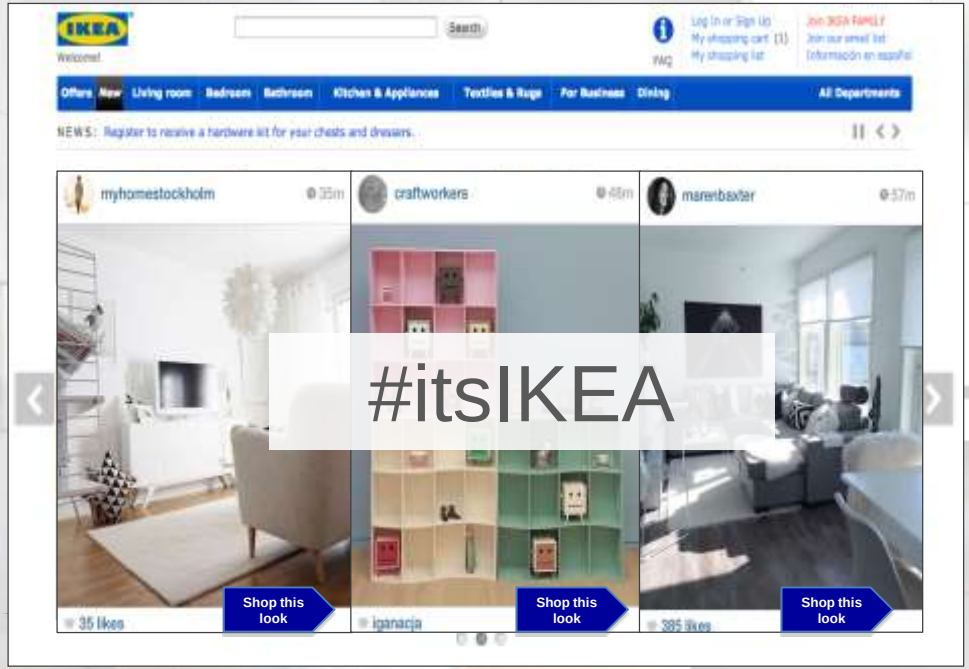
Omnichannel brands offering free shipping by price point:

- 100% •Mass Retailers
- 66% •Aspirational
- 72% •Prestige
- 100% •Luxury

In store pickup leads to additional purchases for omnichannel



Growth Areas: User Generated Content & Shoppable Video



75% uplift in purchase intent for items between $50-339 when incorporating UGC (source: L2)

30-53% of consumers in the world's largest markets use digital video as source of recommendations (source: L2)

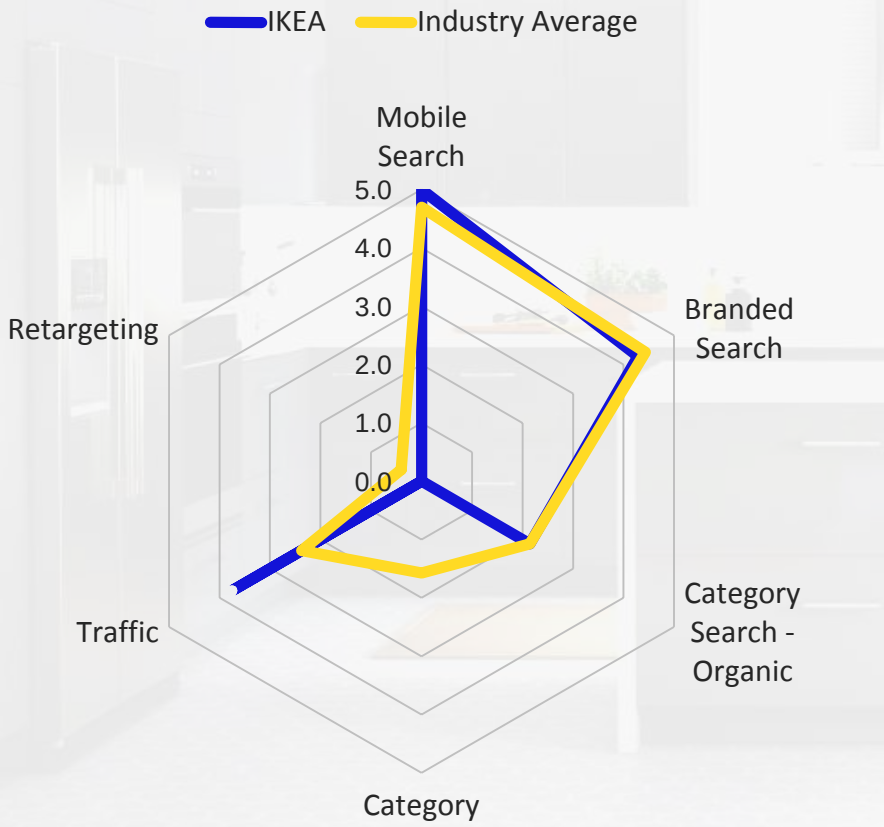


IKEA has best in class video content (housed offsite), so…

Weave this video content into the home page and grid pages and make it shoppable.


SEARCH & DIGITAL MARKETING

Search and Digital Marketing



Key Dimension: Search

Winning Areas:

- Mobile search experience
- Low bounce rate

Losing Areas:

- Category search – paid, organic
- Retargeting

Growth Areas:

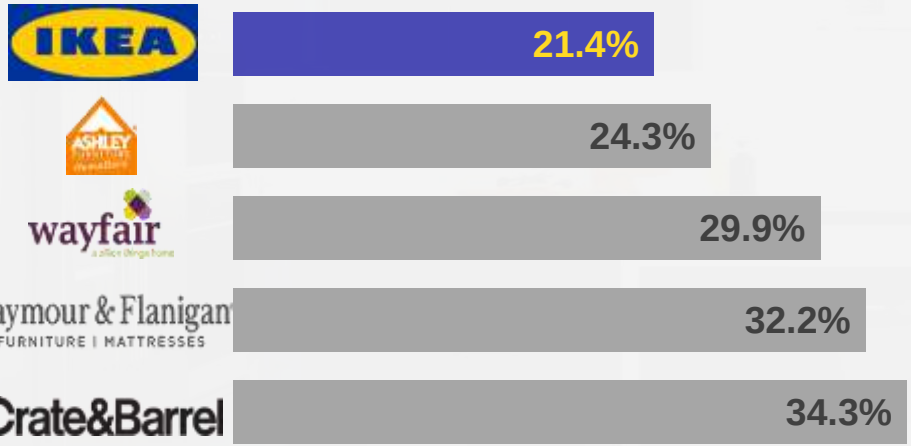
- SEO especially for non-branded search
- Search result improvements

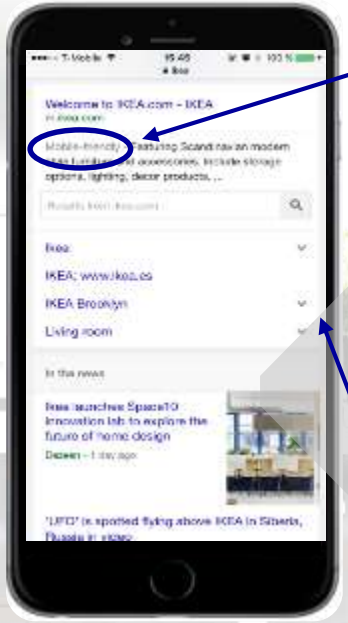
65% of furniture shoppers are unsure of which retailer they will purchase from at the beginning of purchase journey so they start with search

Winning: Low bounce rate / Mobile search experience

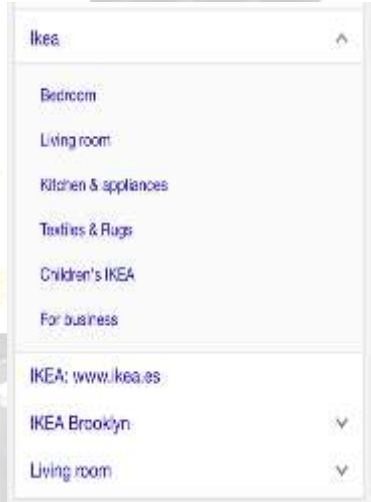
IKEA's bounce rate is the lowest of the five

Website is meeting customer needs





Mobile friendly badge



IKEA uses accordion tab effectively enabling customer to jump to product page easily

47% growth online mobile search queries for the category

More than 50% of home furniture searches will come from a smart phone by the end of the year

Sources: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015); The Role of Digital in the Furniture Shopper Path to Purchase (Google, 2012)*

Losing: Category Search

Keyword	Top Position	IKEA In First Page Organic Results?	IKEA in First Page Paid Results?
Furniture	wayfair	NO	NO
Sofa	ASHLEY	NO	NO
Kitchen Furniture	wayfair	NO	NO
TV Stand	wayfair	YES	NO
Dining table	ASHLEY	NO	NO
Bed frame	IKEA	YES	NO
Storage Furniture	wayfair	YES	NO

Competitors like Wayfair and Ashley are outspending IKEA on paid search terms and focusing more on SEO

- Traffic from a #1 organic ranking converts much better than traffic from a lower ranking
(Wayfair SMO manager, Search Engine Land, 2015)

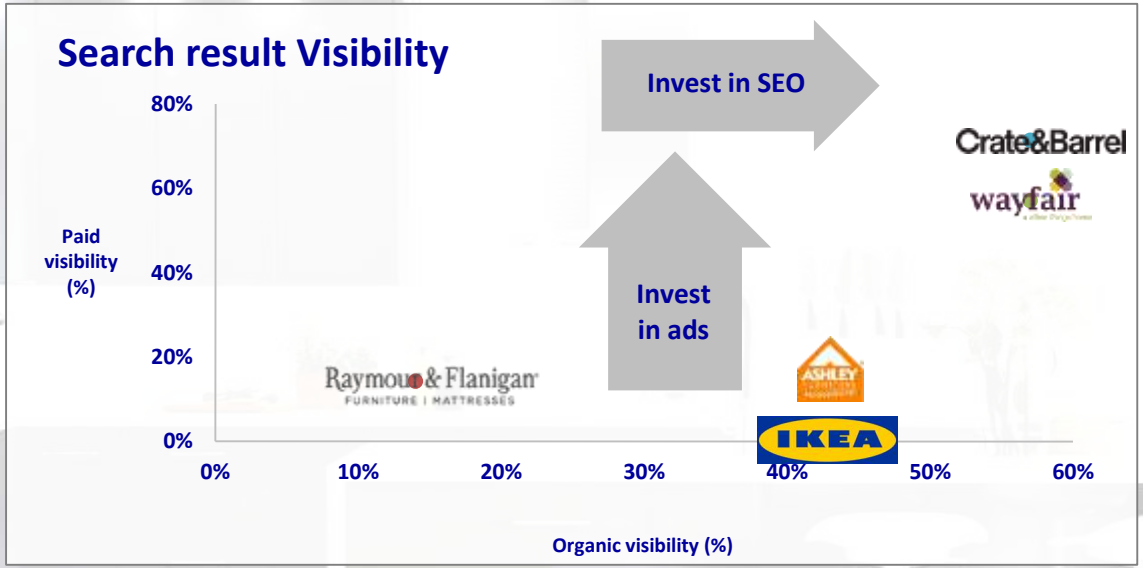
- Non-branded queries are used to support branded research

- **50%** of conversions were assisted by non-branded search terms

- **27%** of converters ended their research process with a non-branded search

Source: *A Deep Dive into the Home Furniture Shopping Journey (Google, 2015)*

Growth Area: SEO in both paid and organic



Wayfair ramped up their advertising budget by 42% from last year to $70M
(Wayfair 3Q 2015 Quarterly Financials)

HOW TO IMPROVE:

- **Organic search – tag each page within webpage architecture with relevant keywords**
  - → Start by using **Google Adwords' Keyword Planner** to decide which keywords are relevant for a particular product category.

- **Paid search – bid on keywords related to strategic product categories for which Wayfair and Ashley are ranking higher.**
  - → Some of the more popular search keywords may have become very expensive due to buying behavior of competitors, but a large global company like **IKEA should have the budget for this.**

Risk: Make sure keywords used are relevant as showing up in search results at inappropriate times will **increase bounce rate.**

Growth Area: Search result optimization & retargeting



Four links on search results for Wayfair lead directly to product page whereas only one of IKEA's does so.



Customers are **70% more likely to convert** on your website when retargeted with display ads. (CMO.com)



26% of customers will **return to your site** through retargeting. (invespcro.com)



Retargeted Facebook ads generate **89% more sales revenue** than non-Facebook channels (conversionxl.com)

63% of purchasers visited **multiple furniture brand sites** prior to purchase

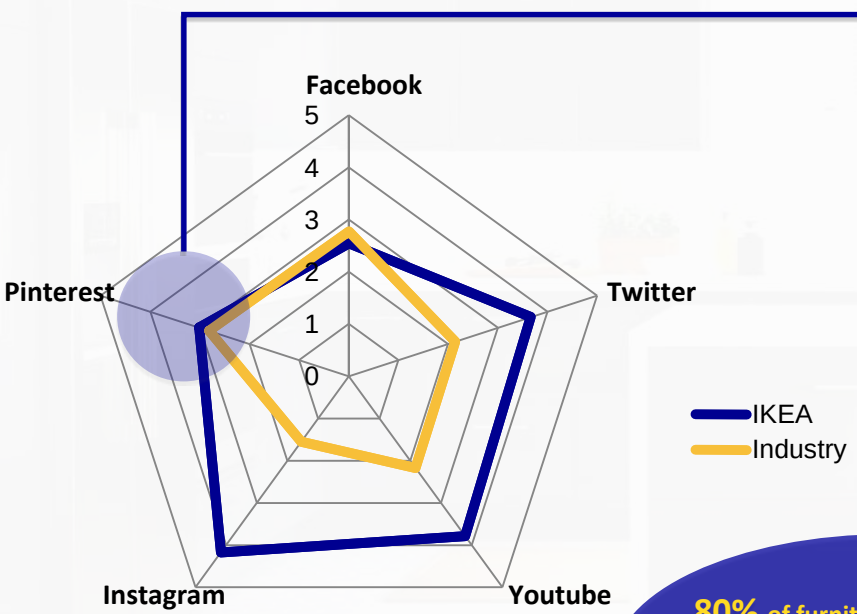
So…

Invest in **retargeting** to capitalize on the portion of its traffic that visits and does not come back to purchase



Social Platforms

Social Platforms



Key Dimension: Pinterest

Winning Areas:

- Number of followers on Pinterest
- Catalogue

Losing Areas:

- Number of boards
- Number of pins

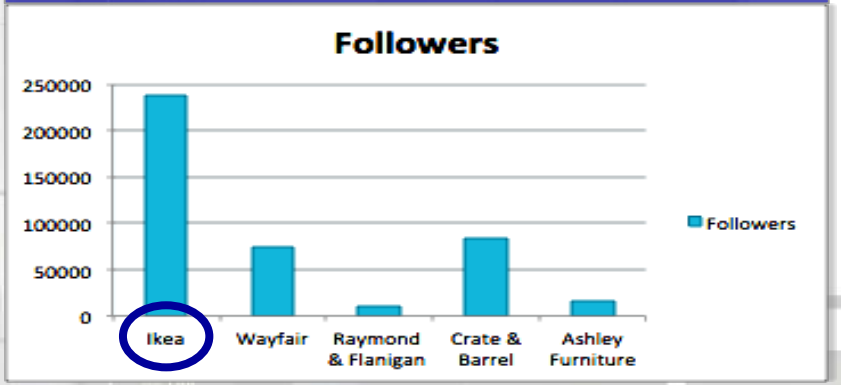
Growth Areas:

- Adding a pin button to products on grid pages
- Leverage user generated content

80% of furniture purchases are planned. Pinterest is a way to help customers organize plans and find inspiration while researching.

Winning: Community Size & Catalog Integration

Referral traffic from Pinterest is 10% more likely to convert than traffic from Facebook. (Shopify)



At 238K followers, competitors are way behind

IKEA has adapted their award winning print catalog for an immersive digital experience, and competitors have not followed suit.

34% of furniture shoppers use catalogs, and 50% prefer their catalog in digital format. (Google, 2012)



Consumers love this.

It is engaging, with features that allow them to move pictures, and special effects like steam wafting up and water trickling down.

There are videos to play and extra bonuses to unlock.

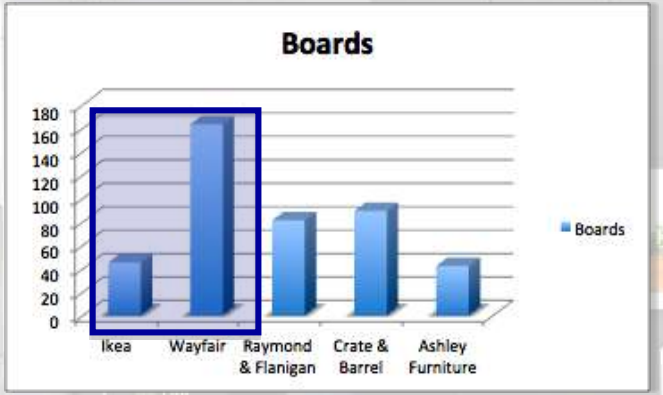


16 things I like about the new IKEA Catalog 2016

The arrival of the new IKEA catalog is always an event, on IKEA Hackers at least. So when the online version went up, I browsed and bookmarked my favourites, way past bed time. This issue is especially fun with "moving" pictures - steam wafting up, water trickling down ... woohoo! There are still loads of little details to pore over - videos to play and extra bonuses to unlock - so this is my first impression of the IKEA Catalog 2016 and the stuff that caught my eye.

Hello there!

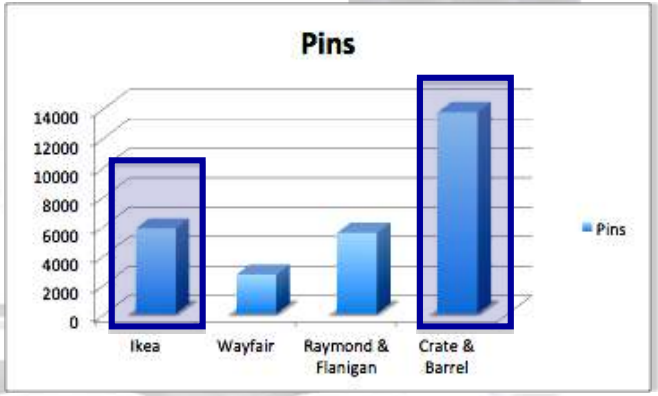
Losing: Number of boards / pins vs. Competitors.



IKEA 45 Wayfair 163

BOTTOM LINE:

IKEA needs to increase its volume of content



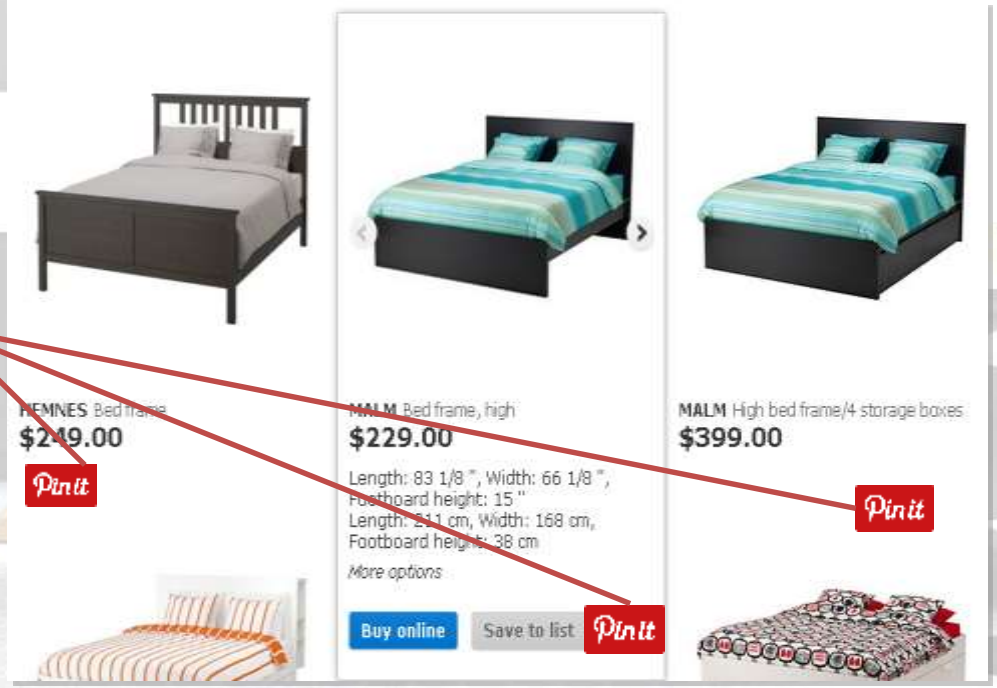
IKEA 5,900 Crate & Barrel 13,700

45% of Pinterest users look for inspiration on their boards while shopping. (womensmarketing.com)

Growth Area: Pin it Buttons

Help customers organize their ideas on Pinterest while they research and browse.

IKEA can optimize by adding pin buttons to product images on their site and other social platforms to make it easy for consumers to pin items to their boards.

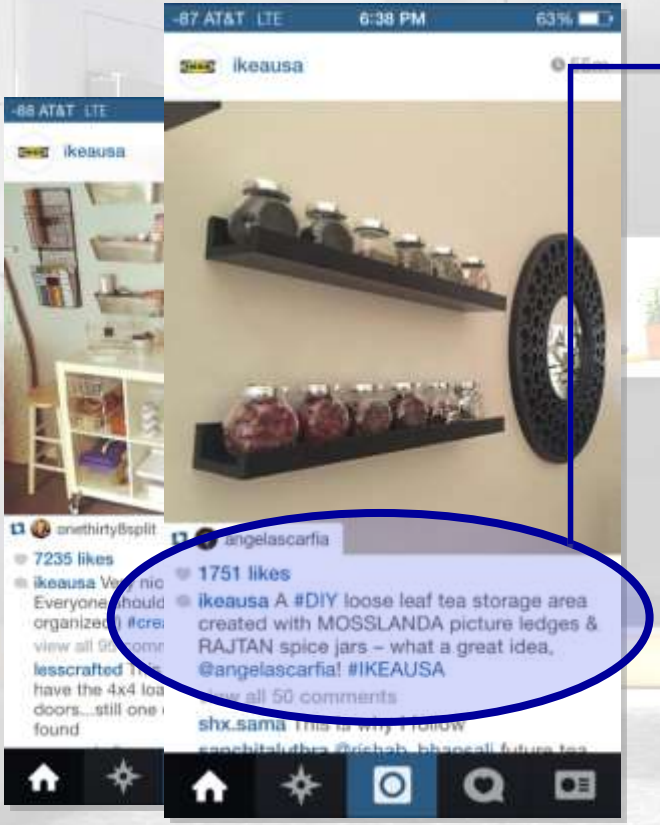


WHY?

40% of women said that their pins drove them to stores to see the item in person (Pinterest Poll)



Growth Area: Leverage UGC to build engagement and learn



Just as IKEA regrams UGC on Instagram, they should also…

repin UGC on Pinterest to build engagement.

IKEA can monitor the pin frequency of certain items to learn what appeals most to customers, and make adjustments to in-store displays .

Learn about customers

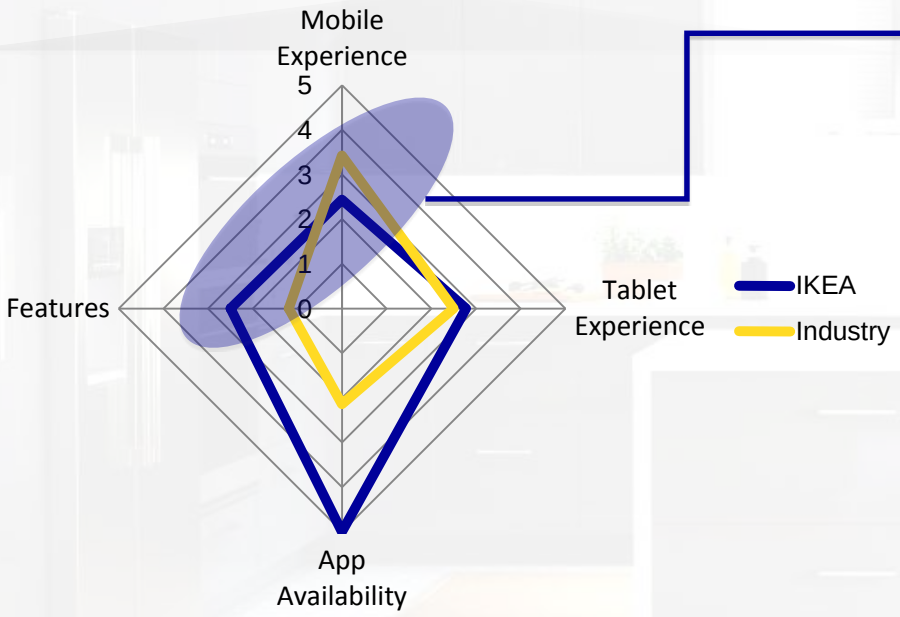


BOTTOM LINE:

More Content + Pin Buttons + Leverage UGC


Mobile & Tablet

Mobile & Tablet



Key Dimensions: Features, Mobile Experience

Winning Area: Features

- Augmented Reality
- Shoppable video

Losing Area: Mobile Experience

- Slow speeds
- No filter or sort options
- Low prioritization of visual content

Growth Areas:

- Interactive map
- Interactive shopping list
- In-store augmented reality way finder

IKEA can beat competitors to the punch in these areas.

Winning: Augmented Reality – IKEA Catalog App



The place-in-room feature quite literally lets you use your tablet or phone to choose any piece of furniture and see how it would look in your living room.

Why does this matter?

This shows that IKEA is doubling down on the fact that **65%** of **consumers prefer tablets to research items online**.



IKEA provides immersive virtual room tours, where you can hold the tablet up and "walk" through a 3D room filled with IKEA products. Bonus points for including product purchase links.

IKEA is maximizing the "sofa opportunity". "…**only 6% [of brands] offer a unique tablet experience**. The tablet medium deserves more investment, both based on user habits and success rate of leading consumers to purchase." (L2: "Are Brands Maximizing the Sofa Opportunity?")

Losing: Getting the easy stuff wrong

1

Mobile Speed vs. Competition

	App Speed (1= fast, 0 = slow)	Mobile Site Speed (Google PageSpeed Score)
IKEA	0	55
Raymour & Flanagan	no app	56
Ashley	no app	57
Wayfair	1	60
Crate & Barrel	1	60

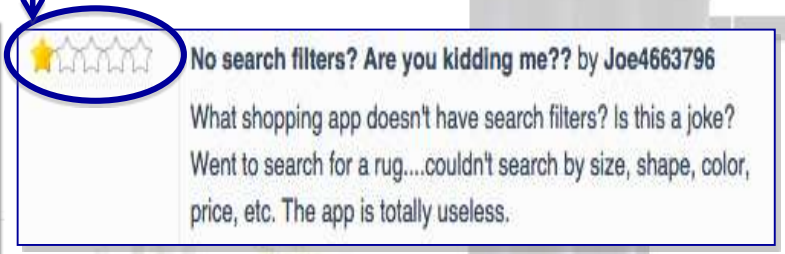
IKEA has both the **slowest mobile site** and the **slowest mobile app** of the competitors studied.

Some quick fixes to get back on track:

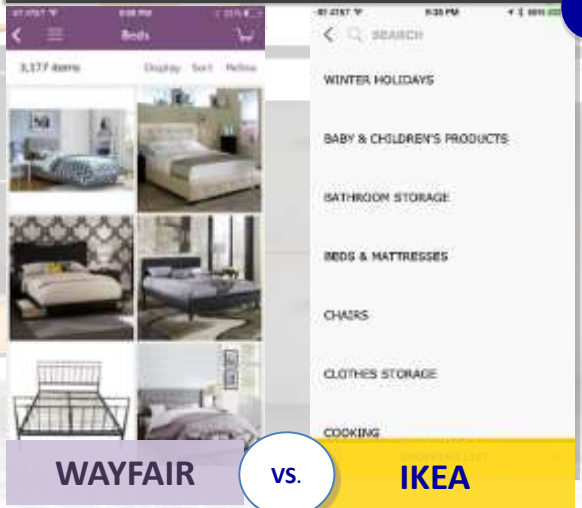
1.) Eliminate render blocking JavaScript and CSS in above-the-fold content.
2.) Avoid landing page redirects.
3.) Leverage Browser Caching.
(Google Page Speed Insights)

2

"No search filters or sorting options" is the leading complaint among IKEA app's abysmal 1.5 star average reviews. This functionality is table stakes and a quick win to improve mobile experience.



Low Prioritization of Visual Content



3

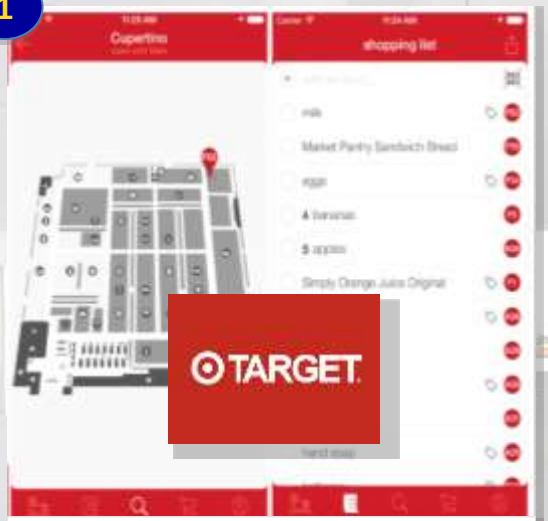
Have to navigate through **2-3 screens of text before first image.** Mobile experiences must be **visual first.**

BOTTOM LINE:

A poor mobile experience can frustrate users, and those users will be quick to jump to a competitor's mobile site that's easier to browse.

Growth Area: Provide a digitally enhanced in-store experience.

1



Emulate Target's app

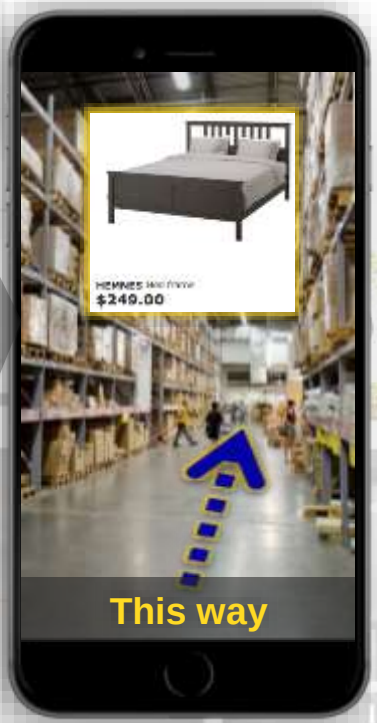
1.) Make the IKEA app's in store map interactive

2.) Link it to the IKEA shopping list feature to help users find products.

2

Leverage augmented reality capabilities

to help customers find selected items in the warehouse.



Why does this matter?

In-store conversion increases by **78%** when **customers use digital while in store** (Deloitte Digital: "The New Digital Divide").

66% of buyers who purchase in store **access the internet for furniture information.** (Google, 2012)

And, because Wayfair cannot replicate it.

BOTTOM LINE:

If customers are already heavily using their phones while in store, it only makes sense to provide mobile tools to move them through the funnel.



Recommendations

Recommendations: 1st place is not far away

Rank	Organization	Score
1	wayfair	67.9
2	Crate&Barrel	64.2
3	IKEA	64.0
4	Raymour & Flanigan FURNITURE	48.5
5	ASHLEY FURNITURE HomeStore	44.5
	Average Score (out of 100)	57.8

The gap between 3rd and 1st place is small. Only 3.9 points separate IKEA from Wayfair.

With some quick wins in 5 key areas, IKEA can rocket up the rankings.

Recommendations: Quick Wins

Implement Today

1.) Improve on category SEO and paid Search

2.) Free shipping

3.) Add product reviews

4.) Improve mobile speed

5.) In-Store Pickup

Why?

Because category search is the first step in the path to purchase, and if IKEA is not present, they risk dropping out of the purchase consideration set.

IKEA cannot afford not to have it. Furniture consumers are brand agnostic and are more and more likely to buy a couch on Wayfair if IKEA charges over $100 dollars to ship it.

63% of customers are more likely to purchase from a site that has user reviews.
Source: https://econsultancy.com/blog/9366-ecommerce-consumer-reviews-why-you-need-them-and-how-to-use-them/

40% of shoppers who price-check a piece of furniture on a mobile phone while in a store will end up purchasing furniture from a different retailer. (Google 2015)

Because Wayfair can't.

Recommendations: Future Wins

Implement in the future

1.) Leverage UGC and implement UGC feeds.

2.) **Shoppable Video**

3.) **In-Store App – Wayfinding, Integrate Map with Shopping List**

Why?

75% uplift in purchase intent for items between $50-339 when incorporating UGC (source: L2)

35-53% of consumers in the world's largest markets use digital video as source of recommendations (source: L2)

Because Wayfair can't.


IKEA
THANK YOU

Appendix: Score Sheet

Total Dimension Ranking

Search

Category	Ikea	Raymour & Flanagan	Wayfair	Ashley	Crate and Barrel	Industry Average
Mobile Search	5	5	5	3.5	5	4.7
Branded Search	4.3	4.3	5	4.3	4.3	4.4
Category Search - Organic	2.1	0.7	2.9	2.1	2.9	2.1
Category Search - Paid	0	0.7	2.9	0.7	3.6	1.6
Traffic	3.8	0	3.8	3.1	1.3	2.4
Retargeting	0	0	1	1	0	0.4
Total Score (out of 26)	**15.2**	**10.7**	**20.5**	**14.8**	**17**	**15.6**

Mobile/Tablet

Category	IKEA	Raymour & Flanagan	Wayfair	Ashley	Crate and Barrel	Industry Average
Mobile Experience	2.4	4.1	3.8	3.1	2.8	3.2
Tablet Experience	2.8	2.5	3.6	0	3.9	2.6
App Availability	5	0	5	0	3.6	2.7
Features	2.5	1.7	1.4	1	0.8	1.5
Total Score (out of 20)	**12.7**	**8.3**	**13.8**	**4.1**	**11**	**10**

Social

5 Scaled Score	Ikea (USA)	Raymour & Flanagan	Wayfair	Ashley Furniture	Crate & Barrel	Average
Facebook	2.5	2.6	2.6	2.8	3.1	2.7
Twitter	3.7	1.9	1.9	1.9	2.9	2.4
Youtube	3.8	0.9	3.6	1.6	2.7	2.5
Instagram	4.2	0.9	1.2	0.4	3.7	2.1
Pinterest	3	3.2	3.1	1.1	3.8	2.9
Total (out of 25)	**17.2**	**9.5**	**12.3**	**7.8**	**16.2**	**12.6**

Site and eCommerce

Overall Score (out of 40)	Ikea	Raymour & Flanagan	Wayfair	Ashley Furniture	Crate & Barrel	Category Average
Product and Content (out of 10)	6.5	6.5	5.6	3.8	7.1	5.9
Account (out of 5)	3.8	2.5	2.5	1.3	2.5	2.5
Commerce (out of 10)	5	6.8	7.3	9.5	7.3	7.2
Technology (out of 5)	3.8	2.5	2.5	1.3	2.5	2.5
Search & Navigation (out of 5)	4.6	5	4.2	3.3	5	4.4
Customer Service (out of 5)	4.2	3.3	2.2	2.8	3.9	3.3
Total Score (out of 40)	**27.7**	**26.6**	**24.3**	**21.9**	**28.2**	**25.8**

Total Score

Overall Score (out of 100)	Ikea	Raymour & Flanagan	Wayfair	Ashley Furniture	Crate & Barrel	Category Average
Search (out of 35)	20.4	14.4	27.5	19.9	22.8	21
Mobile (out of 25)	15.9	10.3	17.2	5.1	13.7	12.4
Social (out of 10)	6.9	3.8	4.9	3.1	6.5	5
Site and eCommerce (out of 30)	20.8	20	18.2	16.4	21.2	19.3
Total Score (out of 100)	**64**	**48.5**	**67.9**	**44.5**	**64.2**	**57.8**