

# Get retail right in 2021

How retail brands and businesses can learn from 2020 and succeed in 2021 and beyond

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## A game of apparent winners and losers

The term 'new normal' has been used so much that it's starting to lose its meaning. The year 2020 will go down in history as the moment where everything changed. Retail, an industry already facing disruption and challenge, has borne the brunt of the crisis.

According to the British Retail Consortium (BRC), September saw a "fragile recovery" for retail as sales grew 4.1%. But with further disruption looming (and likely continuing well into 2021), that fragility will be severely tested.

Success stories appear to be tied directly to the effects of the pandemic. DIY and homewares have bounced up quickest since restrictions lifted, as people work

to improve their home. Indeed, IKEA saw fit to announce the opening of 50 new stores globally.

On the other hand, sales of fashion in August remained 15.9% lower than pre-pandemic levels amid job security fears and fewer opportunities to go out wearing new threads.

One trend that the pandemic has certainly served to accelerate is the shift towards internet sales. According to ONS figures, the past five years have seen online's proportion of all sales more than double – in August 2020 online shopping accounted for more than a quarter of all retail sales.

Internet sales as proportion of all retail

11.5%

August 2015

26.6%

August 2020

## Promiscuity and opportunity

As we look to define strategy for this uncertain future, there's more than just sales figures at play. The pandemic has affected brand loyalty, the role of physical stores, channel mixes, and more.

Here's some telling numbers from a global consumer attitudes poll by one of our partners, Braze.

# 32%

of UK consumers have tried new brands during COVID-19

# 97%

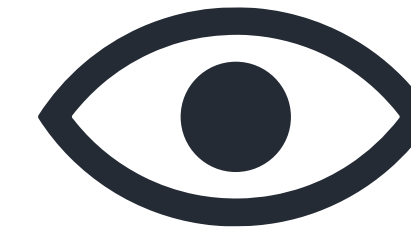
intend to purchase from those new brands

# 63%

of UK shoppers admit it will be 1-6 months before they feel comfortable shopping in person

# 90%

of families and students have made "Back to School" purchases online



There are opportunities for brands seen to respond well to the crisis



Winning and delighting new customers now represents opportunity to keep them



The role of physical stores has drastically changed



Brands with no digital route to market are at a disadvantage



# Which way should you jump?

Routes to market and routes to growth are the key drivers of difficult decisions for marketers and brands. Regardless of how sophisticated or otherwise a given brand’s sales strategy was at the start of 2020, most are now in a position where they need to fix up a sustainable, scalable route to consumers’ spend.



Borrow an audience from dominant retailers such as Amazon

- Pros:** Enormous reach
- Cons:** Pay a fee, and sacrifice brand experience



Build direct to consumer access

- Pros:** You control your brand, prospects are warm and engaged, incremental over time
- Cons:** Up front investment, depends on data quality



Commit to physical retail and do it better

- Pros:** Great if you have an existing footprint on the high street
- Cons:** Uncertainty – worst case scenario is doors are forced to close again



Rely on wholesalers to build great D2C

- Pros:** Great if you already have scale
- Cons:** Only great if you already have scale



**HOMEBASE HIRES HUT GROUP  
TO SPEED UP TRANSFORMATION**



**deliveroo**

**UK Supermarket Waitrose partners  
Deliveroo for 30-minute delivery**

**UK U-TURN ALLOWS  
AMAZON TO INVEST IN  
DELIVEROO**

**CO-OP'S RAPID DELIVERY PARTNERSHIP  
WITH DELIVEROO REACHES 400 STORES**

And who should you partner with?

Another part of the puzzle – there are options when it comes to partnerships that help you get to market in this climate.

Outsourced ecommerce is a long-term undertaking, while gig-economy logistics let you get started fast but at a cost, and comes with compromises to your own brand.

The 'other way' is to go direct to consumer and set up the capability in-house. This approach requires that you build your own first-party data universe. You'll own the brand experience and marketing, and you'll set yourself up for sustainable long-term sales with an engaged audience.

We'll look at approaches to doing this later in the paper.



# What wider retail can learn from DIY and home improvement



**Steve Collinge, Managing Director, Insight Retail Group**

Steve is MD of the Insight Retail Group (IRG) and Executive Editor at Insight DIY. Currently, he advises brands on their 'new normal' transformations. He's held senior commercial roles with LG Harris, Spear & Jackson, Cuprinol and Akzo Nobel, and he established IRG in 2010. In 2011 he launched the Insight DIY website and has since launched the first independent price comparison websites within the home improvement sector. He's an international thought leader and influencer in all things retail. Which is exactly why he'll be taking us through this section of the paper.

Let's look at the retail vertical credited with bucking the COVID trends: DIY and home improvement. What can we learn from the sector?

## Context: shifts in buying power

Like many sectors, DIY has seen a huge shift in buying power. From brands, through to retailers, and now – in the age of the internet – it's finally in the hands of the consumers.

1970s



The biggest brands were the decision makers when it came to which retailers stocked their products.

Now



The introduction of 'big box' DIY stores (with combined 1,000+ stores in the UK) meant their buyers made the decisions on which products they stocked.



Consumers hold all the power. By searching online, they can identify multiple companies who offer products at different specs and prices. Then they decide where to buy from.





## Think of the customers

We're seeing this accelerated shift towards consumers having the lion's share of buying power across other industries too, but none more marked than DIY. So, 'big-box' DIY retailers (like B&Q and Homebase) are facing a dilemma, having always operated in a way that's akin to a bricks and mortar Amazon store – product after product, absolutely not designed with consumer experience in mind.

They're still selling as they were 30 years ago. You know, back when it was them that had all the buying power.

We know that, actually, consumers shop on a project by project basis when it comes to DIY – whether that's installing some decking in their garden or totally renovating their kitchen. The current retail model for DIY is at best confusing and at worst completely off-putting.

Every single tool consumers require for any given project is in a different place in the store, and in some cases customers have to visit multiple stores to get everything they need for a home improvement project.

In short, there's currently too much friction in the buying experience. It makes sense then, that there's an increased pressure for DIY retailers to shift towards online – not dissimilar to what we've already seen with high-street department stores.

After all, they're not usually the cheapest, and now they don't even have the widest range of products either. So why, realistically, would consumers choose them? It's time to start designing DIY stores based on projects.

## What does this mean for retailers overall?

1

Map the role of digital in consumers' buying habits to win their spend

2

Understand shopper journeys once they're in store to give them a better experience

3

Use physical stores to augment what users are doing online – this helps future-proof





## The four categories that can save DIY retail

With these 'big box' DIY retailers beginning to close, a sharp focus on four categories within home improvement could save them. If retailers devoted space for these into the heart of their physical stores, they could well be totally future-proofed.



### Decorative

Decorative – which is to say, paint, wallpaper, flooring and lighting – is the most aspirational DIY purchase journey. It's also generally quite pleasant, and drives more visits to DIY stores than any other product category. However, in-store, it generally entails being left to wander up and down multiple aisles with endless cans of paint on them. A better model would be for decoration specialists to devote time to work alongside customers on a one-to-one basis, helping them achieve their home aspirations.



### Live garden

Shopping for plants is a more emotional purchase journey – people are choosing something living to take home and nurture. This is where support from specialists could be particularly valuable. For example, if a body like the Royal Horticultural Society could lend its brand to trained staff who would be on-hand during the shopping experience to support and advise.



### Kitchens

An in-store experience is essential to consumers shopping for a kitchen as they're difficult to buy online (unless you're a carpenter). Specialist kitchen retailers don't do the whole package – you could buy all your units from them, but you'd have to go somewhere else for your floor and lighting, for example. Along with the existing consultation service, DIY stores have a competitive advantage in that they offer everything for the project under one roof – a compelling proposition for consumers on the lookout for a new kitchen.



### Smart home

Smart home is a new and growing high-value category, so consumers naturally need more support here. A designated area for smart heating, lighting and security is an effective way to drive a younger generation of customers in-store. And instantly position a retailer as relevant to them, too.

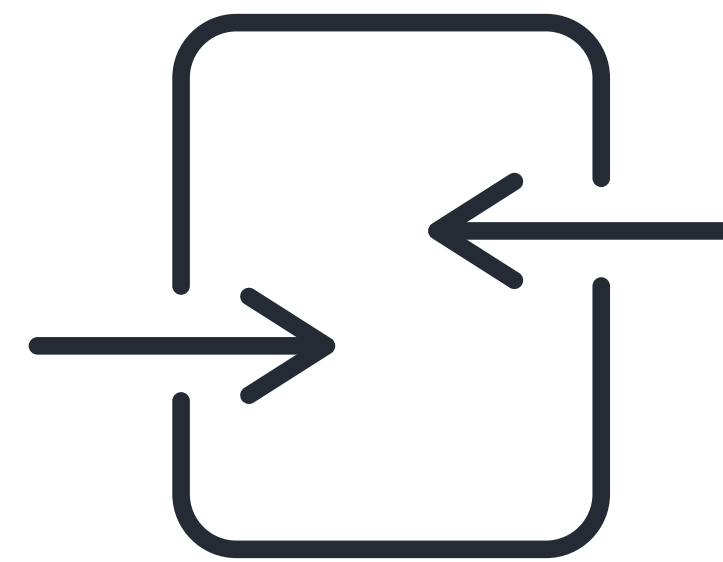




## So what does all this mean for retail?

A strong customer experience in-store is key to the survival of retail, but how do we get people in-store in the first place? We know that 80% of customers do their research online before they make their choice about where to buy. Brands need to be as prominent as they can to the right audiences in order to encourage them to visit stores. And now more than ever, they themselves need to be aspirational (as opposed to simply hitting customers with messaging about new product features and promotions).

Physical retail can complement online, and exist for specific elements that can't be replicated there. Such as when customers need to use more senses to choose the products (for example, seeing paint colours in real life, or touching different textures of tiles or flooring). Or friendly, expert staff being on-hand as and when required. And indeed pleasurable experiences where they can explore and interact with products in creative and dynamic ways.



Identify the main entry points into your business and work out how to leverage them



Be customer centric, not product centric so that you can be there at the right time in the right channel



Understand each channel's role in the purchase journey – which means embracing omnichannel and leveraging the fact that search and research often takes place online

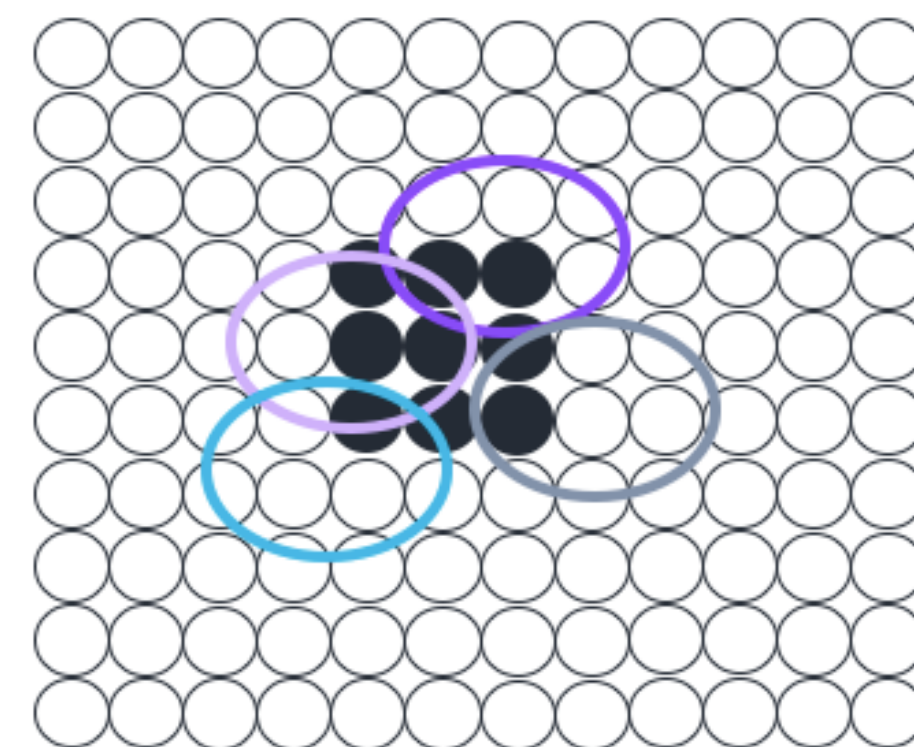


## The problem with channel-centric marketing

How are brands solving the problem of acquiring and converting new customers online in the age of GDPR and upcoming ICO guidelines?

- + Traditionally, separate audiences have been targeted on each channel
- + Marketing activity is often planned using a 'channel first' approach
- + Each channel is planned separately, which means there's little consideration of the overall message and consumer experience
- + This can be inefficient, expensive and costs us the opportunity to amplify the message through multiple channels

The UK population



● Target audience

• Facebook • Display • CRM • TV

Brands need to move towards carefully orchestrated, multi-channel campaigns, communicating to an identifiable individual who has consented to receive communication from your brand



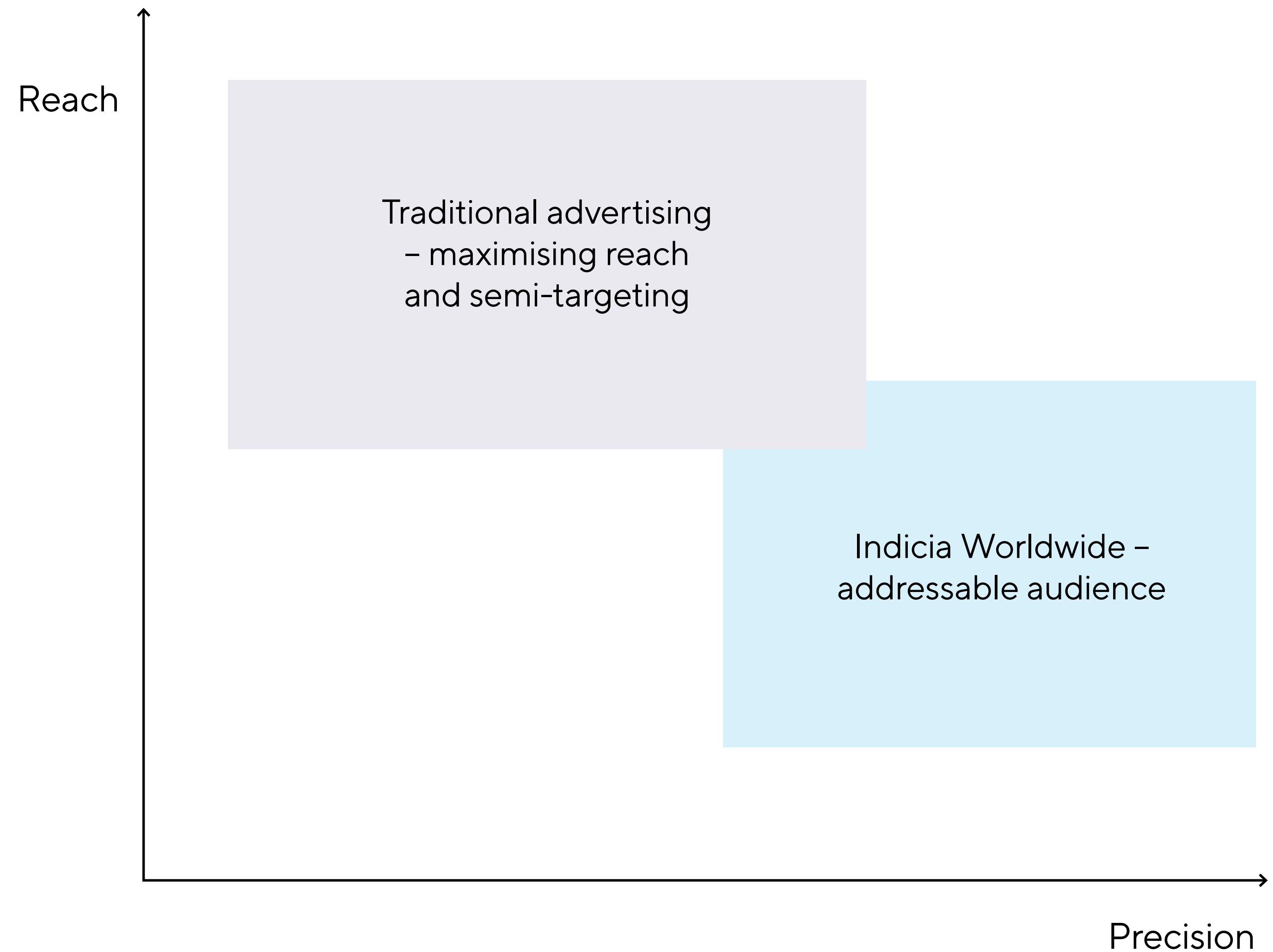


What data can do

## Enhanced targeting to augment 'broadcast' approaches

We offer enhanced targeting on top of the existing activity that will support cross-channel lead generation

- + Communicating with a smaller, tightly defined audience
- + Align the messaging with other channels
- + Use a small % of the existing targeted pot
- + Generate a specific audience which is measurable





What data can do – for example...

## The new always-on digital e-commerce approach for Very

The collection and activation of first-party data is central to the success of The Very Group's cross-channel marketing

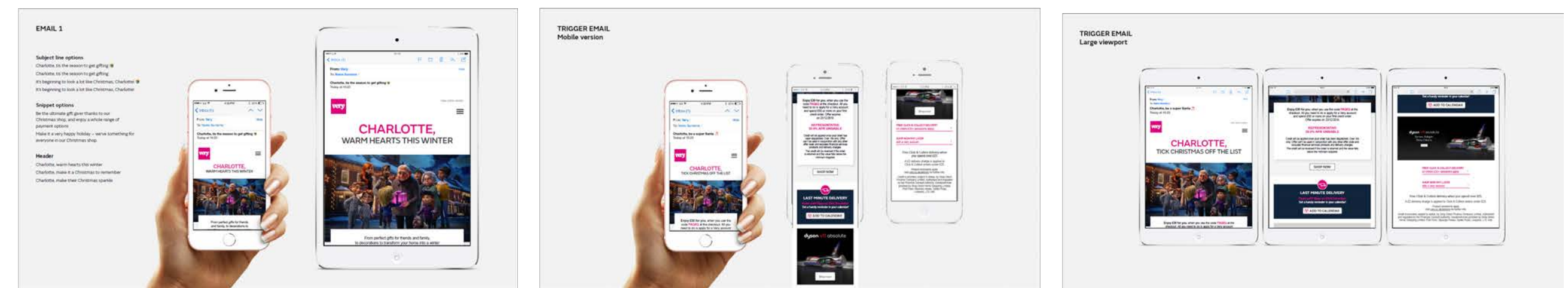
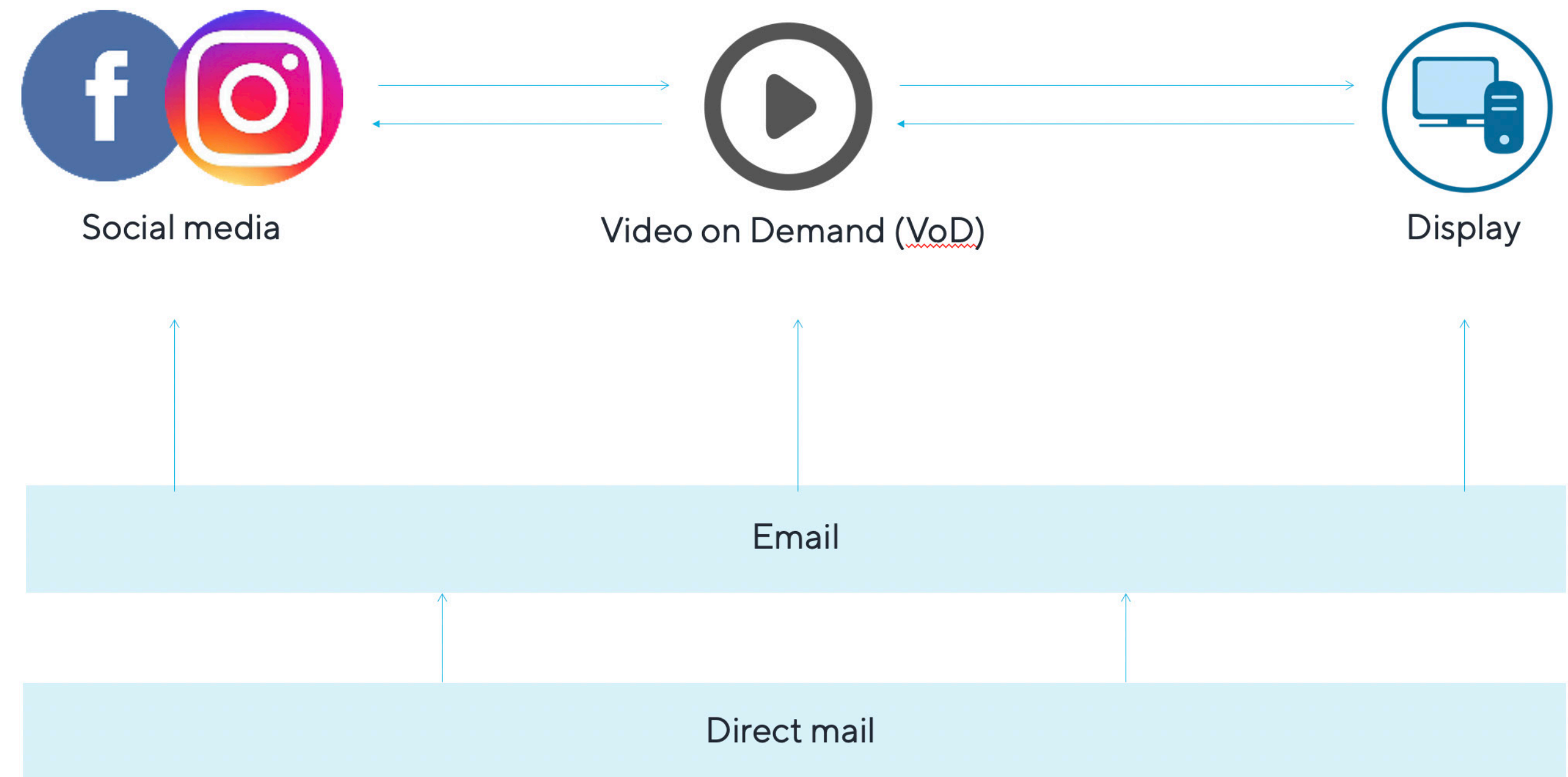
We've worked for the Very brand for well over 20 years, and have built up a strong first-party dataset for them. This means campaigns can be consistent, hyper-relevant, and accurately targeted across channels.

What's more, our unique data tech capabilities enable us to take a traditional data source and append email and IP data to unlock additional digital channels.

This approach enables Very to be present within day-to-day browsing and online activity. Known individuals are targeted across multiple channels to create a compelling campaign.

Ultimately, it means that rather than just sending a generic message, which you hope that someone might happen across using traditional targeting, the brand can be sure of who is seeing which message, in a variety of channels.

So the focus can be on building messaging and building a campaign, ensuring known individuals experience the messaging and can be nurtured towards conversion.



Creative consistency is key across all channels and touchpoints



What data can do – for example...

## The new always-on digital e-commerce approach for Very

It works – recent results:

30%

increase in response  
from new channels (VoD)

23yrs

of partnership and  
always-on optimisation

7,000

Over 7,000 incremental  
customers in the first 6 months

“

Indicia Worldwide's expertise in customer analytics lets us understand our prospects just as well as our customers. Not only this, they always execute their insight through beautiful, timely and intuitive communications that deliver measurable results.”





What data can do – for example...

# Nissan – scaling the approach

The ability to build personalised, addressable campaigns has clear benefits when taking big ticket items to market too, as our work for Nissan shows...

Our approach works for products that have a longer consideration phase, such as in automotive. We applied the methodology to the Nissan Juke launch in 2019.

We hold Nissan owner profiles thanks to our enrichment of their customer data using our own proprietary sources. In this instance we used this data to unlock look-a-like prospects based on our detailed buyer profiles.

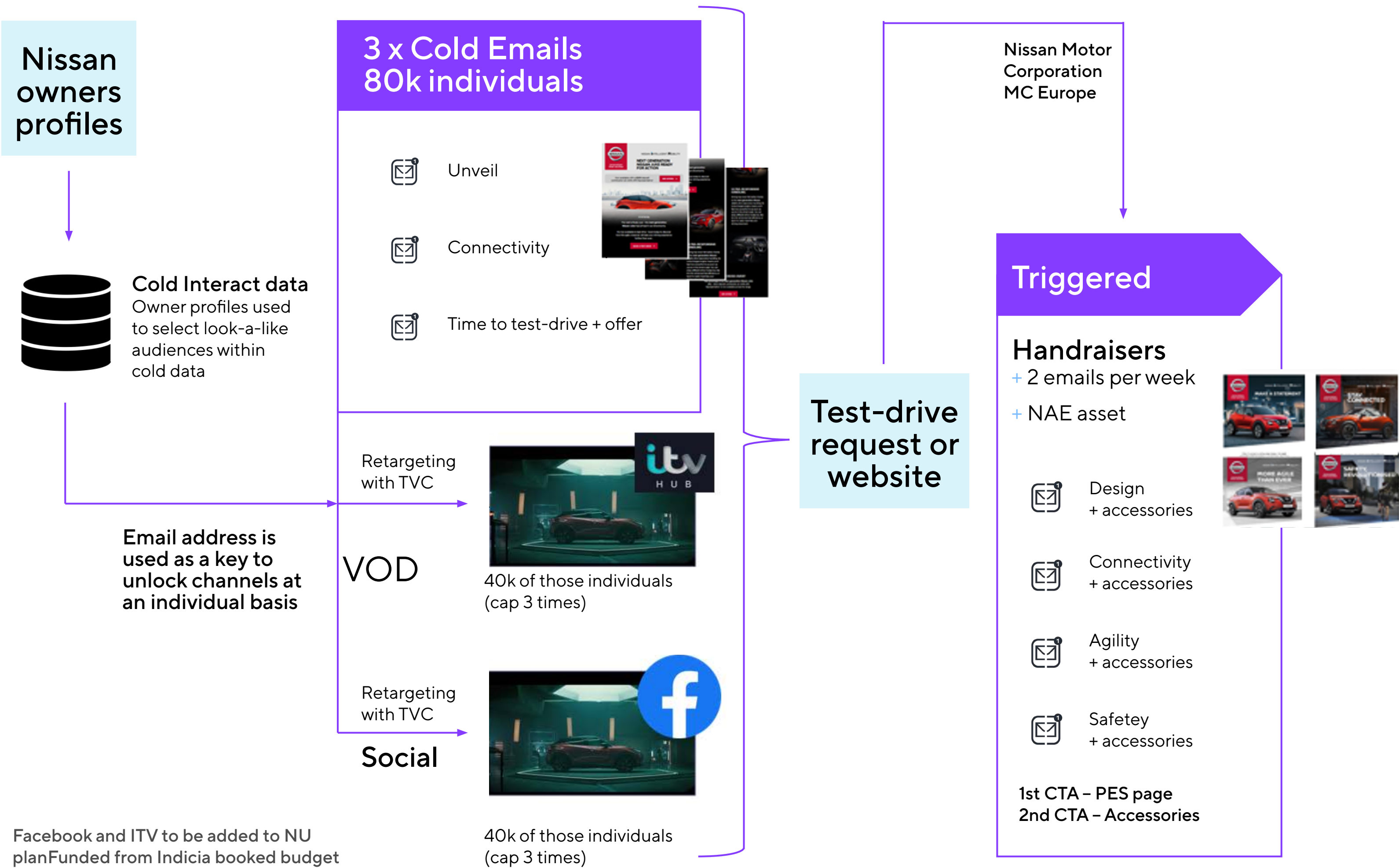
Our approach gives us accuracy at scale. We start with identifying the individual and then, using the email as a key, we unlock additional channels to create a layered omnichannel campaign.

Whereas a traditional media agency would use audience profiles to buy media in each channel, and ‘hit and hope’ that individuals see the message across a multitude of channels, we’re able to be sure that our target audience is reached on an individual basis. Enabling us to layer and amplify messaging across each channel in turn as we drive towards conversion.

The result? Precision in terms of targeting won Nissan a huge uplift in Juke test drive requests.



How precision is achieved – conquest eDM plus omnichannel retargeting





# A compliant, future-proof way to collect meaningful customer data

So, how can you rapidly build first-party data and an addressable audience?

This method relies on relevance in the first instance – ensuring that your advertising appears on relevant media so that the message is part of the consumer’s journey rather than interruptive of their journey.

And then, at the point of sign-up, brand plays a vital part in ensuring your captured data is valuable.

It’s easy to be tempted to input your email address if a big-ticket prize is on offer. But is that consumer engaged with your brand or just chancing their arm to win the prize?

If a consumer inputs their email address in exchange for an offer that’s relevant to their online activity, they are much more likely to be valuable to your brand, and much more likely to go on to buy from you.

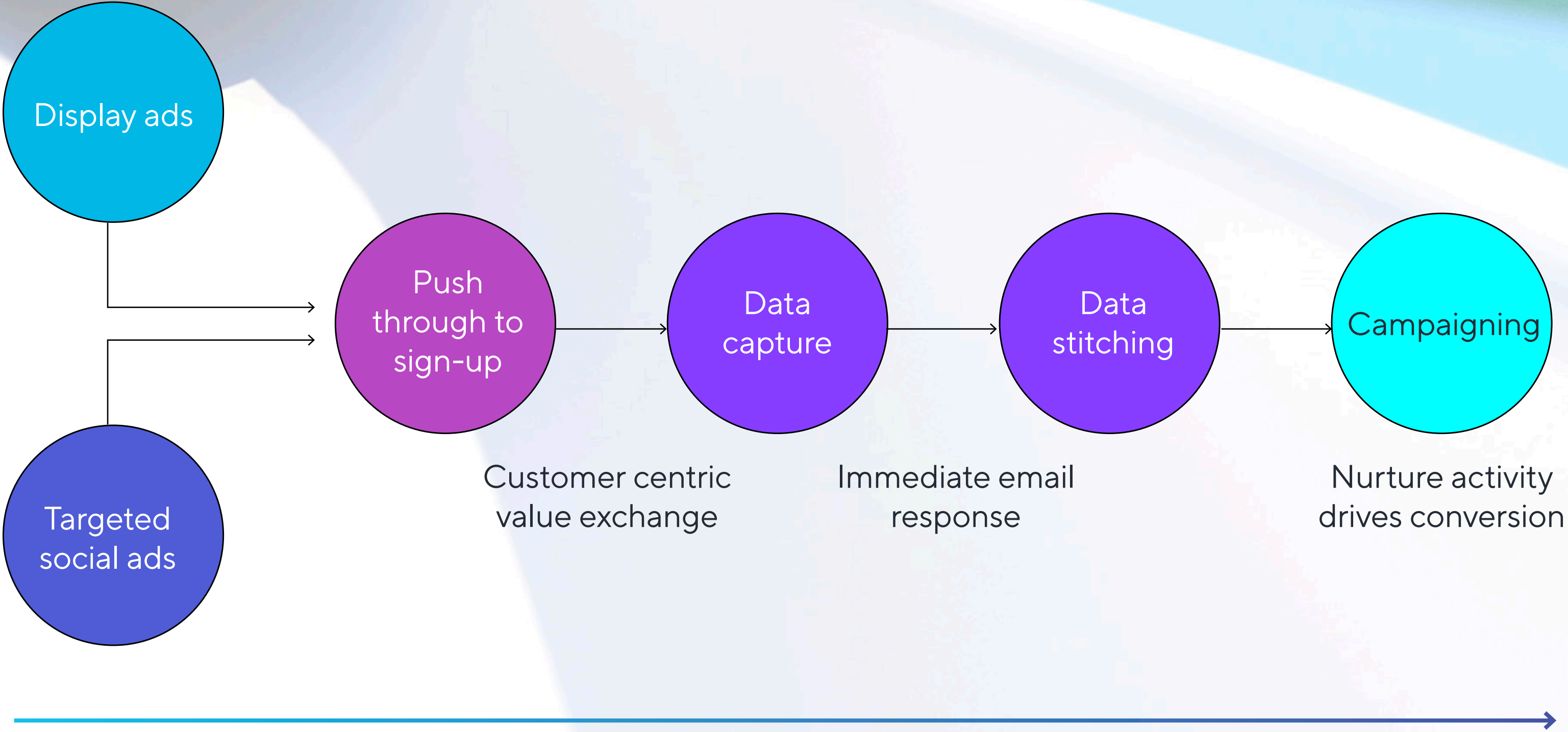
## The power of stitching

We also use a technique called ‘stitching’. That is, setting up your website so that historical anonymised browsing data can be ‘stitched’ to an email address once that email address has been freely given by the user.

This gives you a head start in your relationship with that consumer, and informs your campaigning activity once the user is known to you.

Relevance and value exchange drive warm sign-ups

Opted-in email addresses stitched to anonymous historical browsing data to inform always-on activity





## Build your own first-party data

# The anatomy of quality data capture

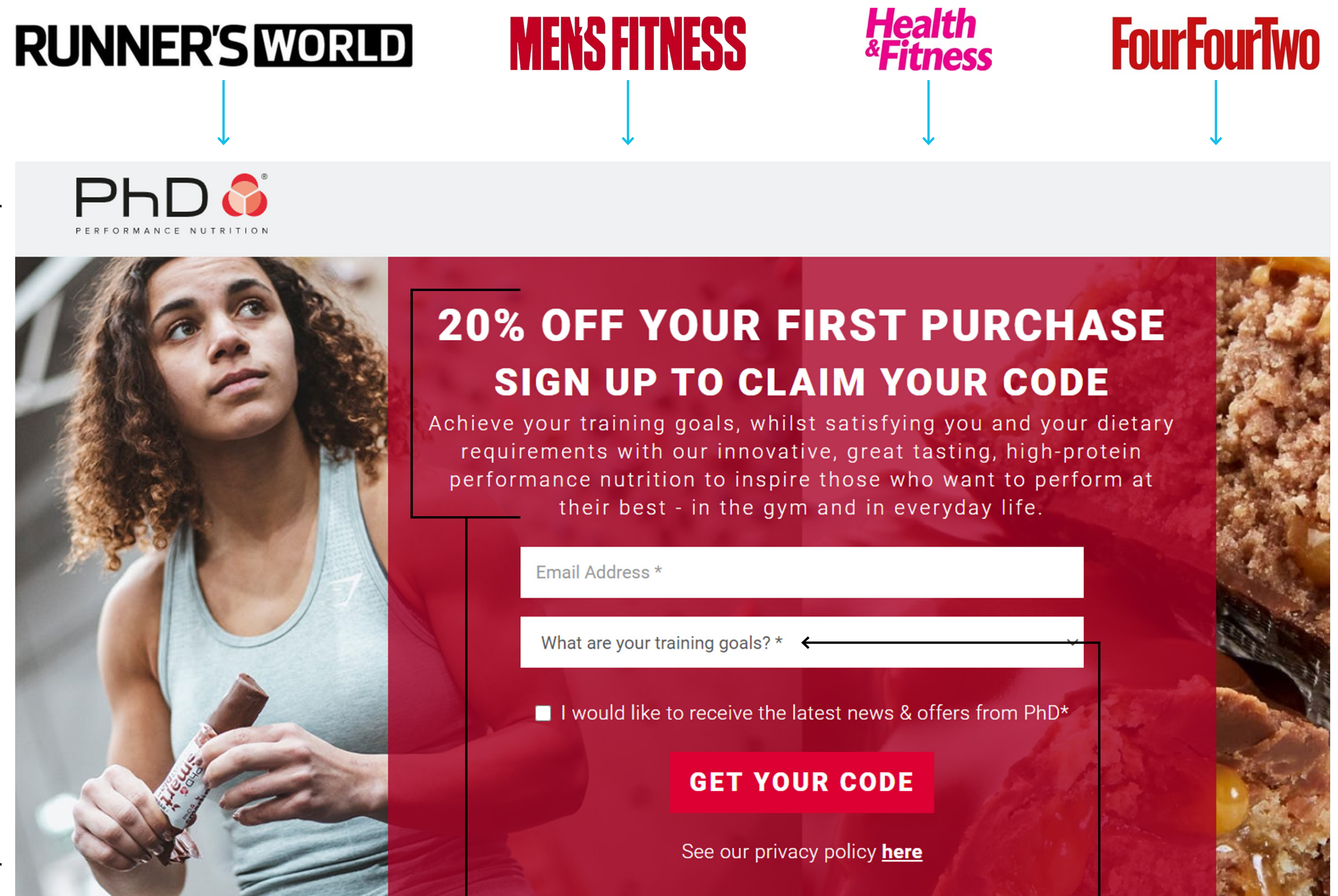
While your brand can look for broad reach by advertising on TV or on general interest high-traffic websites, this data acquisition activity is designed to precisely target those most likely to eventually convert.

To deliver precision, you need to grab attention when users are already thinking about your market.

We work with a wide variety of lead-generation partners depending on the campaign. These are high-traffic but niche publishers that let you speak to high-value prospects when your brand's vertical is already front of mind. In this example, we're looking to drive leads for a health and fitness brand.

## All landing pages are not created equal

With precise targeting made possible by niche publishers, attention must turn to what happens after your prospect clicks. Both the design of the offer and the UX design plays a huge part in how a page performs. In this example, a tempting offer is combined with a question that's relevant to both the brand and the target customer.



Brand is front and centre – the user can be in no doubt that they're signing up to a relationship with a brand, but the context means that this feels natural and not an interruption.

The offer is tempting but not so much that it devalues the product. And it's only tempting to the brand's target customer.

The data capture is meaningful to the user AND the brand. Asking about a user's training goals in this context makes sense – the user would expect the brand to help them meet those goals (seeding a reason to believe in the brand), while the brand gathers valuable insight into their leads and what their motivations are.



This wide-ranging paper is built around a core truth: placing customers at the centre of your strategy (ahead of product and channels) is essential to be relevant in a radically changed retail environment

# 1 2 3 4 5

The pandemic has accelerated trends towards digital shopping that were taking hold of the retail industry even before 2020. Retailers without a digital route to market are at a disadvantage and building direct-to-consumer relationships must be a priority.

Consumers have been promiscuous with their spend amid the pandemic – and are likely to stick with brands they have tried out. Winning new customers now represents a huge opportunity to keep them.

Search and research usually takes place online – radically changing the role of physical stores. Adopting a customer-centric omnichannel approach to marketing means your brand fits with the consumer's natural journey to purchase.

First-party data is a powerful tool when it comes to putting customers at the centre of your strategy – enabling consumer-centric campaigns rather than channel-centric campaigns.

Precise targeting of high-value leads online will augment your ATL activity, and it's possible to rapidly ramp up your pot of first-party customer data through relevance and messaging that works for both the user and the brand.



Explore how we can enable D2C relationships for  
your brand and build successful omnichannel retail

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Let's talk →





## Meet the authors



**Steve Collinge**  
Managing Director, Insight  
Retail Group (IRG)

MD of the Insight Retail Group (IRG) and Executive Editor at Insight DIY, Steve currently advises brands on their new normal transformations. He's held senior commercial roles with LG Harris, Spear & Jackson, Cuprinol and Akzo Nobel, and he established IRG in 2010. In 2011, he launched the Insight DIY website and has since launched the first independent price comparison websites within the home improvement sector. He's an international thought leader and influencer in all things retail.



**Alan Thorpe**  
Sales and Marketing  
Director EMEA

Strategy, brand, data science, technology, digital, aligning brand experience with customer needs... you name it, Alan knows how to do it. He's also a strategic thinker: focused upon leading innovation and change.



**Tash Willmott**  
Client Partner

Tash is central to our work to win direct-to-consumer engagement for brands including The Very Group and ITV. She's learned just what it takes to build opted-in access to consumers, and how to build communications that engage, delight and, ultimately, generate ROI.



About Indicia Worldwide

## The intelligence-led communications agency with global production reach

We create new value across the full remit of marketing. We've built this business to support our clients in a unique end-to-end way – finding operational efficiencies and delivering marketing that performs.

Present in 37 countries, and working with more than 500 brands around the world (including some of the biggest brands on the planet), we present a new way of delivering marketing – helping clients to spend less, but achieve more.

### Some of our clients



**StanleyBlack&Decker**



**Talk to Indicia Worldwide today**

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