



Ecommerce Category

DIXONS RETAIL  
BRINGING LIFE TO TECHNOLOGY

## Background

Dixons Retail has:

- Over 500 stores across the UK.
- Two multichannel brands: Currys and PC World.
- c6,000 different products (average) in our larger 'Megastores'.
- 10,000 products offered through our websites.

Eighteen months ago, our websites and stores largely operated as two independent channels, with only our Reserve and Collect (R&C) service being linking web sales and our stores.

## Evolving in a multichannel world

### Research

To understand the customer journey better and what changes we could make to improve our online customer experience, our dedicated Consumer Insight Team conducted thorough research including:

- Competitor benchmarking.
- Customer focus groups: comprising 10 projects, 4-6 groups and 6-8 respondents.
- Customer journey/experience online and in-store: NPD Group, Usage and Attitude studies.
- Customer satisfaction online and in-store through exit and on-site surveys.
- Customer panel.
- Creative testing.
- Mystery shopping.
- Secondary research: future foundation, Conlumino and supplier reports.

### Results

In summary, our customers asked us to improve our range, price, availability and convenience. These insights became the foundation for our dedicated business development teams who, working with functional experts, deliver relevant multichannel, commercial and user-experience change initiatives.

### Multichannel growth potential

Research in 2011, also confirmed that customer shopping behaviours are increasingly multichannel:

- 70% of customers research online before entering our stores (since increased to 80%).
- 56% of people purchasing in-store had visited a Dixons Retail website.
- 92% would spend some part of their journey in store.

Therefore, to better serve our customers' needs and shopping patterns, we needed to unite our online and store fronts and embed e-commerce in our core business strategy. Building a successful and sustainable multichannel business model is now our no.1 strategic priority, aiming for our e-commerce sales to account for 20% of business sales by 2015.

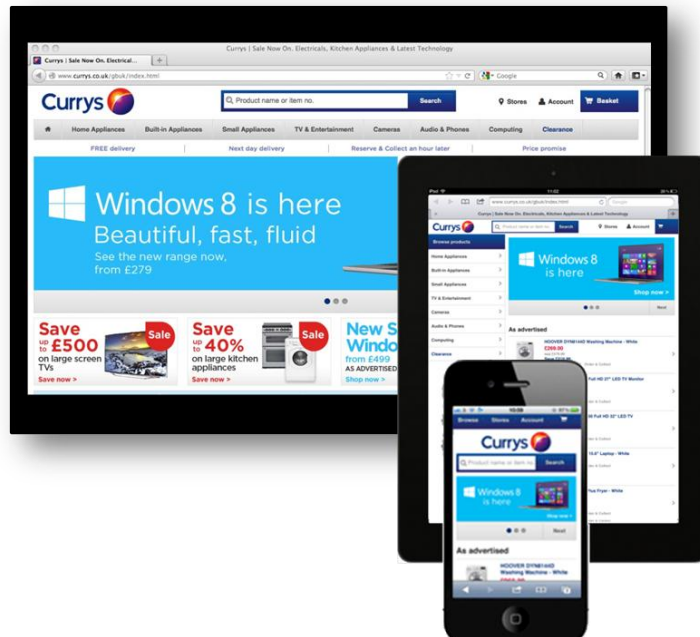
## Giving customers what they want, where and when they want it.....

Here are some of the key strategies and innovations which have helped boost our multichannel growth and enhance the customer experience:

### Responsive website

In September 2012, we became the first major retailer to deliver a responsive site, optimising content and user experience depending on the screen size of the viewer (e.g. mobile, tablet, desktop).

With only one site to maintain, we can streamline trading, SEO, design and marketing spend; and by increasing customer engagement, we can deliver much stronger conversion rates.

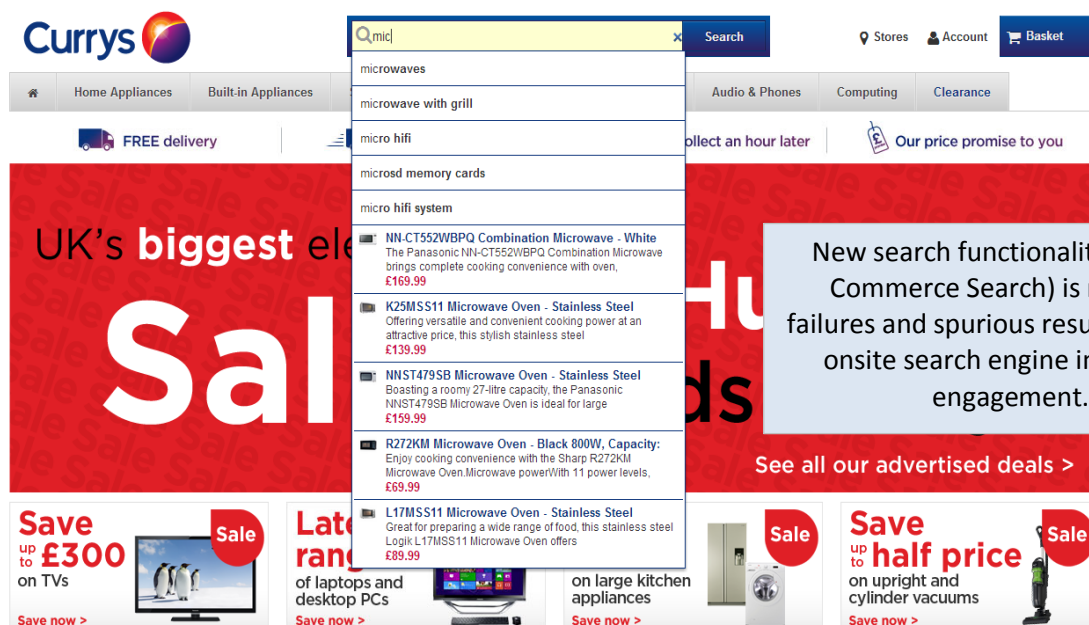


*The same content is automatically reformatted for every device*

### Website design and content

Based on feedback from our customer research, we have completely redesigned our websites to improve the overall shopping experience. Most important changes include:

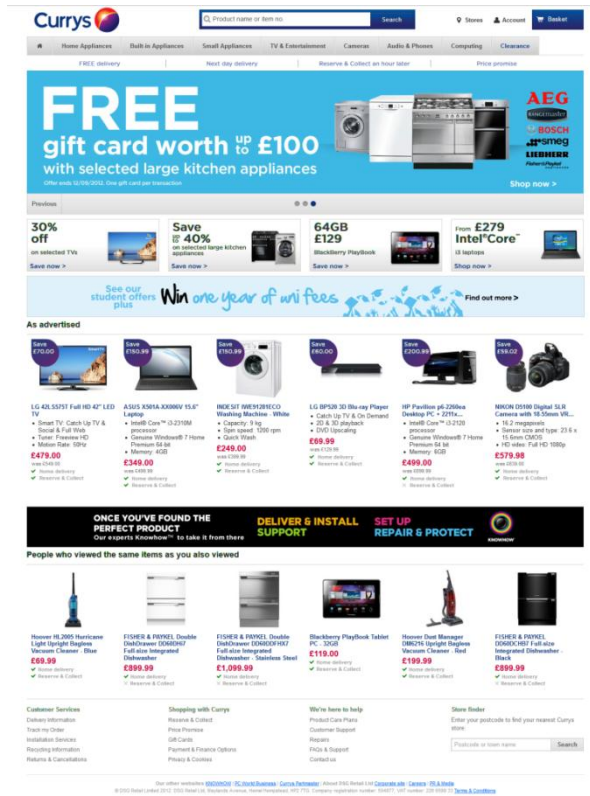
- Removing non-core content.
- Softening our traditional aggressive accessory sales.
- Focusing on bringing products to life.



As in store, we have emphasised product and service, expanding our online product range by 30% and improving product launch processes.



Old website

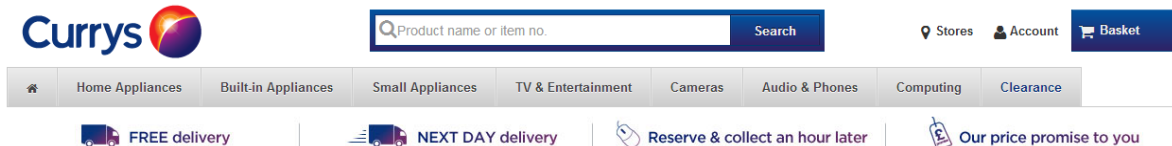


Resdesigned site

## Integrating on and offline

'Pay & Collect' (P&C) allows customers to choose their items online and have them delivered to a local store, increasing convenience and choice. This is already **generating huge £600k sales/week**.

With R&C, customers can reserve items but also arrange cross-chain collection (Currys' customers can collect from PCWorld and vice versa). Research shows that, as R&C has grown, **customers who combine in-store and online purchasing spend 49% more/year than single channel customers**. R&C sales now account for approx. **40% of our online business, up 30% year-on-year** (for the full year) so far.



Customers can also now collect items within 1-hour of reservation: **applauded by industry critics**.



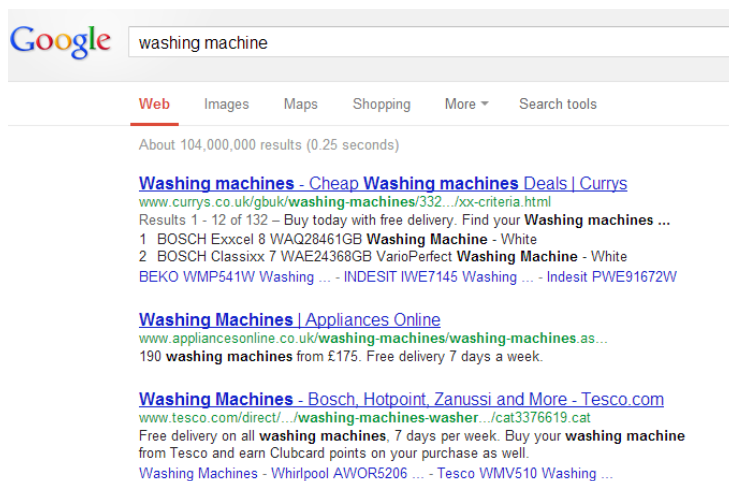
*"The people at the front of the pack are going to do same-day click-and-collect. With Currys you can go an hour later to your store and pick it up, even if it's out of stock in stores. Everyone doing online retail will have to go that way."*

Our 'online in-store' initiative also involved integrating our websites onto every till terminal, giving our smallest stores (<2,000 products) access to the widest available product range (c.10,000 SKU's). Colleagues help order or search for products online in store. This is **currently generating £350k sales/week**.

### Driving traffic

Our Search innovation lies in our efficiency. Constant evaluation and monitoring enables us to effectively understand customer interactions and need-states. With our SEO agency, Greenlight, we are exploring new ways to develop link-building programmes in terms of local targeting. We have seen substantial increases in both reach and ROI due to our redesigned website and effective SEO strategy.

Natural search' ranked Currys no.1



### Providing a solution rather than a 'product'

In-store staff sell 'solutions' rather than just the product, and make recommendations (for example, a laptop with bag and mouse).

To align these solution packages online, we have personalised the customer shopping trip with relevant product suggestions, allowing them to view what other people have looked at, what accessories are required and occasionally offering package discounts. **This initiative has driven 8% of additional sales online.**

### Multichannel sales incentives

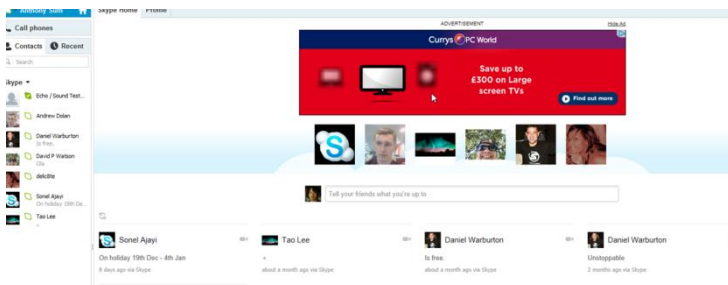
To our knowledge, **we are the first and only retailer to credit stores for any online sales in their catchment areas, and web teams for store sales originating online** (R&C and P&C). We no longer think 'have they bought in-store?', now we ask 'have they bought with us?'

## Effective use of marketing resources

### Getting the right mix

In addition to considering both the type of product we are promoting and the stage the customer is at in the buying journey, we have changed our proportional spend on each item of our mix, adapting to changes in consumer behaviour:

- Online search and SEO are now our most successful and cost effective mediums.
- 25% of our total spend is on online display advertising and search (up 5% on 2011).
- 10% of TV spend now goes into video on demand channels (e.g. ITVplayer) following their increasing popularity.
- 10% of our online spend on mobile, optimising advertising for smaller devices.
- Advertising through Skype at Christmas promoting our Boxing Day sale (right).



In terms of ROI, online display advertising has been proven to deliver 17% more sales/£ than press advertising.

### Multichannel approach

It's essential our marketing campaigns are also multichannel to reach the widest audience.

One example of this is our Christmas Wish List, run for the second year running. Customers can build a list online and circulate it to their friends and family. Multichannel advertising channels included:

- QR codes in the press ads: people can scan and access the site immediately via their mobile device.

Dixons Retail Plc entry into the eCommerce category of the Marketing Society Awards 2013

- Paper Gift Guide sent in November including QR codes and online version
- Facebook sharing.
- Customers in store were encouraged to complete a wish list for a chance to win all the items.



**Multichannel promotion of Wish List competition**

The increased social media use this Christmas generated 225,000 wish lists (over 100% more than last year) and 2million shares.

### Partnerships

In 2012, two of our partnerships included The Telegraph and Absolute Radio; both are a perfect fit with our target audience and helped us increase our social exposure, for example:



**Our campaign on Absolute Radio coincided with Euro 2012**



**Tweet posted by Ian Wright about our Absolute radio competition**

### Integrating social media

We primarily use social media to build long-term loyalty and brand engagement, but also for product promotions, consumer engagement and customer service. Unlike competitors, we've amassed a huge number of Facebook 'likes' organically. **With no paid advertising, we grew to 27k likes in the first four months post-launch, rising to 80k today.**

As part of our fan acquisition strategy, we run a number of competitions. For example, at Christmas, we offered a £1,000 entertainment bundle. This alone achieved:

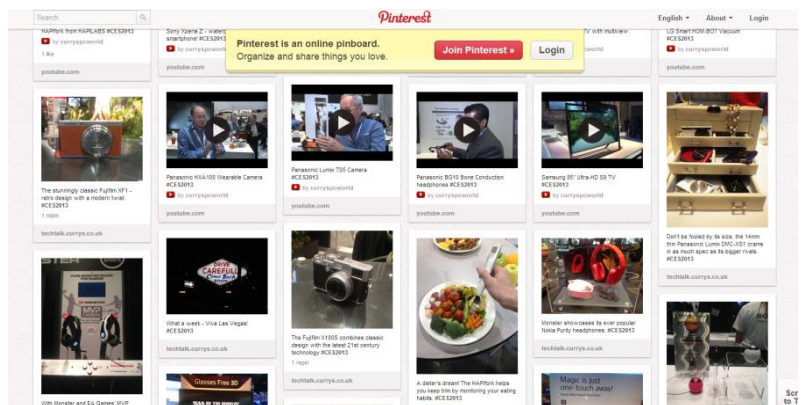
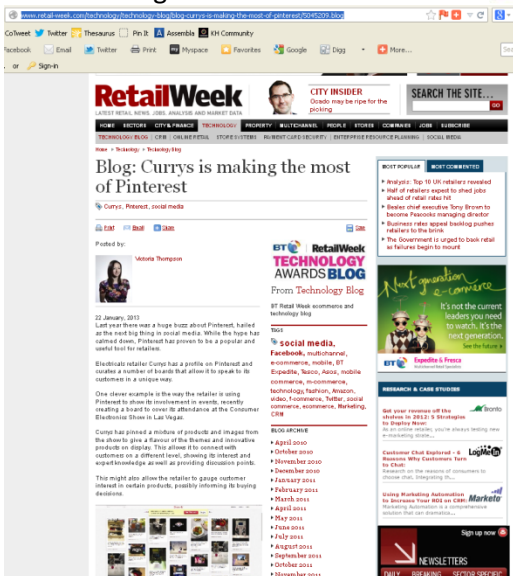
- Increased Facebook fan base from 51,603 to 79,968 at a cost of £0.59 / acquisition

Dixons Retail Plc entry into the eCommerce category of the Marketing Society Awards 2013

- 65,000 clicks at an average CTR of 0.20%
- Over 33 million ad impressions over the course of activity
- 21,730 people 'Talking About Us' (27% of our fan base)
- 27,306 sign-ups

Outside the usual social media realms (Facebook, Twitter, YouTube), we have also:

- Created our own bespoke social channel 'Currys TechTalk': our customers' own community, monitored by our customer service team who answers questions.
- Used Pinterest (content sharing service) to show Currys involvement in events and allowing customers to interact:



*Our Pinterest board showing our presence at the Consumer Electronics Show in Las Vegas*

*Retail Week, 22<sup>nd</sup> January 2013 – promoting our use of Pinterest*

### Creatively communicating our offering

We constantly introduce PR stunts and activities designed to demonstrate our multichannel and innovative approach. For example, in December we launched a 'gadget gift trolley' on East Midlands trains giving thousands of customers the ability to instantly purchase the new iPad, iPad Mini, Kindle Paperwhite, Beats headphones and accessories from the comfort of their seat.

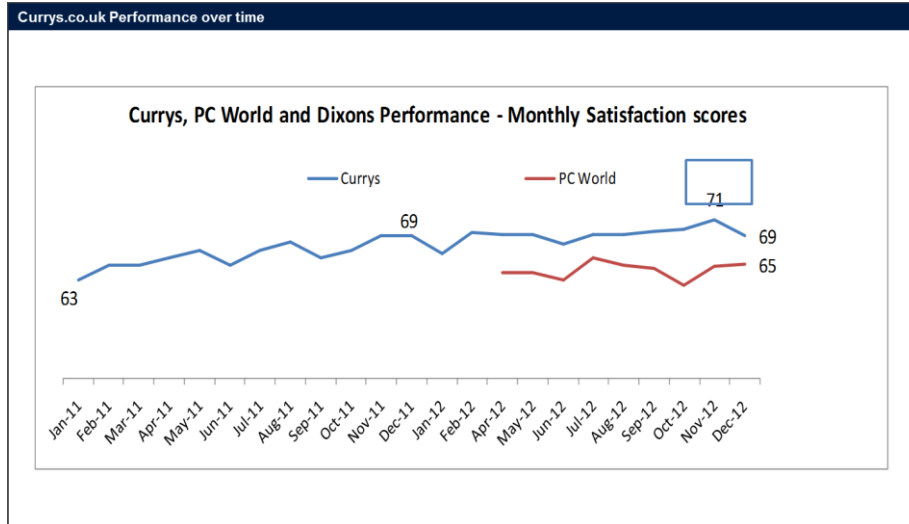


*In store, online, on mobile and now on board a train....anytime, anywhere*

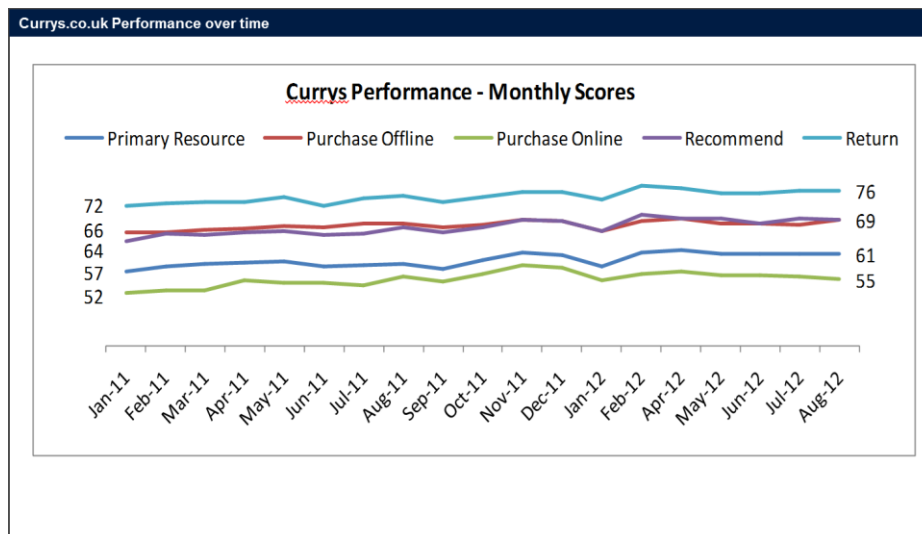
## Measuring customer behaviour

Annual objectives, marketing and development investment are based on customer behaviour information. Our Consumer Insight Analytics team regularly monitor, analyse and report on how we're doing with customer behaviour across all channels, enabling continuous improvement. For example:

***In store customer satisfaction levels continue to improve, with advocacy up 6% points since Q3-11/12 and the percentage 'very satisfied with their visit to our store' up 4% points.***



***The Currys site continues to see satisfaction improvements year-on-year. In November we reached the highest customer satisfaction score to date at 71.***



***These improvements are having a positive impact on customers' future behaviours with recommendation and likelihood to return all improving.***

We may not be at the top, but **the Foresee Customer Satisfaction benchmarking study in Dec-2012 shows a 12pt rise since 2007** (only Debenhams and Asda are on a par with this dramatic change), and the benchmark keeps rising as sites improve.

## A successful marketing strategy

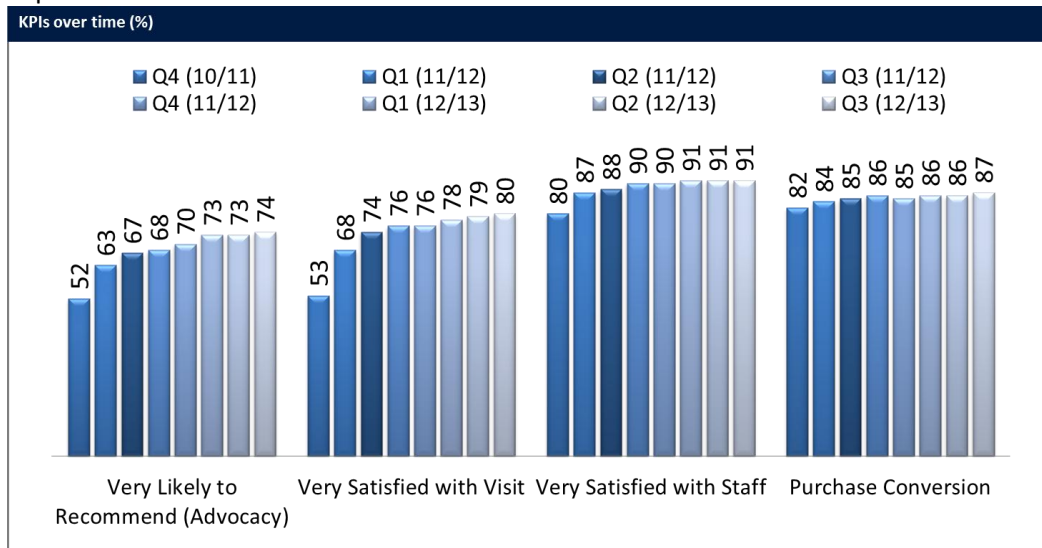
### Customers at the heart

Customer insights taken from a range of sources indicate:

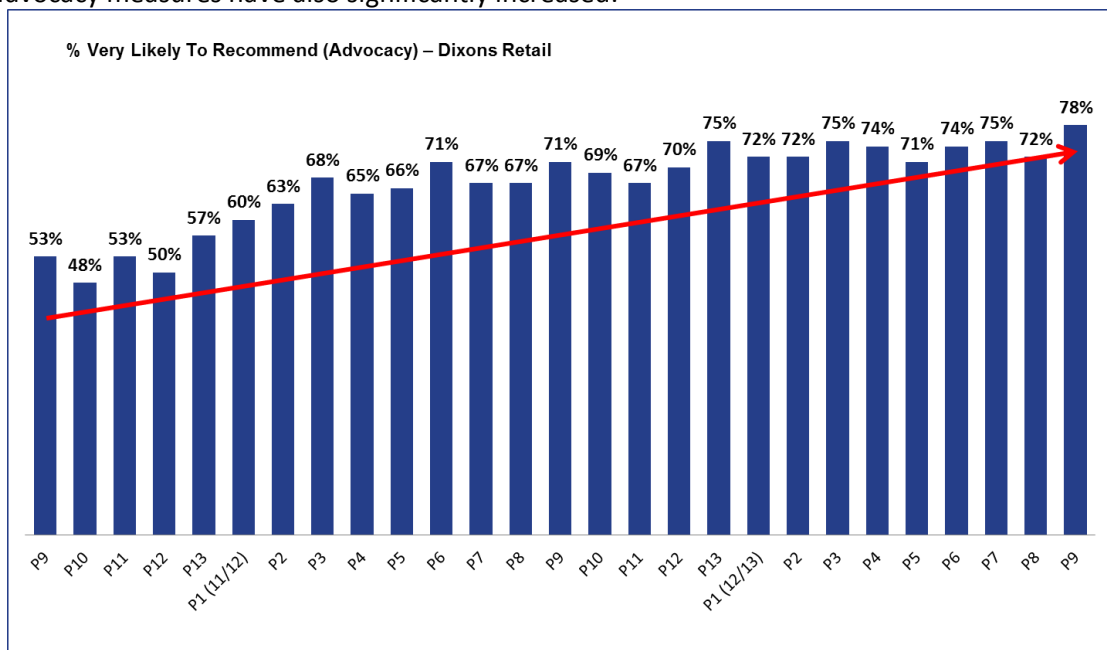
- 16% increase in customers who say they would return to our stores.
- 17% increase in customers who had a good shopping experience (range, prices and offers).
- 10% increase in customers who believe we are 'a leading brand that sets standards for others to follow'.



Over the past 18 months we have seen very significant improvements to online customer satisfaction metrics with between 6 to 8%pt increases on each KPI.



Our customer advocacy measures have also significantly increased:

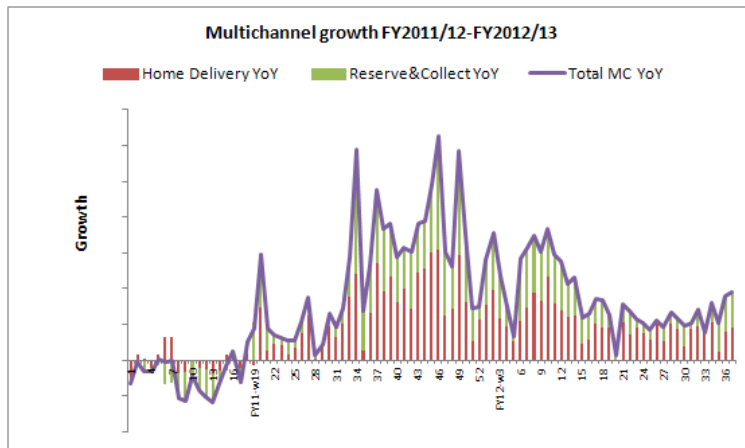


### Topline business growth

Closing this year at 15.2%, up from 13.2% last year, we are on target to achieve our objective of e-commerce sales making up 20% of business sales by 2015.

Additional successes include:

- 14.4% growth last year.
- 48% multichannel sales growth in the last quarter.
- Unique visitors/week online increased from 3.8m-5.1m +34% in last quarter.
- 57% YTD growth through cross-chain R&C, improved site messaging and process.
- P&C generating £600k/week.
- New 'online-in-store' solution generating >£350k sales/week.
- Responsive website: immediate 5% increase in traffic to product pages on mobiles and tablets, and improvements at every level of the conversion funnel.
- Product recommendations drive 8% of web sales.



**R&C grew 14.4% YoY in FY11/12 with continual strong growth at +30% in FY12/13**

**A snapshot of our latest results (4th November 2012 – 5<sup>th</sup> January 2013)**

**UK Multichannel Share of Business**



**YoY +25%**

**Total traffic YoY +32%**



**Sales period reservations made on the website**

**+35% YoY**



**More than 13 orders per minute for the whole of December!**

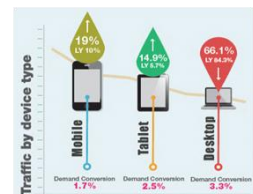
**Total number of processed orders**

**YoY +23%**

**Mobile traffic +193% YoY**

**Tablet +301% YoY**

**Mobile & Traffic mix x2 YoY (16% to 34%)**



**Multichannel Share of Business**



**17.1%**

**YoY +2.2%**

**Conclusion**

It's still early days, but the success of our multichannel offering has already far exceeded our expectations. Online traffic is growing by 19% on average every month and 2011/12 pre-tax profits are up 15% in the UK and Ireland.

Retaining our #1 position as electrical and computing retailers in the UK and winning market share is giving us the appetite to push even further in 2013, with multichannel sitting at the heart of our future business strategy.

*"If we consider where we were three or four years ago we had a business where we had really lost sight of the customer in what we were trying to do. At the same time, the market was getting much more competitive. Of course, we didn't know it then, but we were also heading into a powerful economic storm. It's been very exciting and made me very proud to be part of a team that really faced those challenges and began to make proper differences, particularly for our customers."*

**Group Executive Sebastian James**

Final word count

**1999**