



DIGITAL MARKETING CAMPAIGNS BY FURNITURE RETAILERS TO GENERATE ONLINE AND OFFLINE SALES : WITH SPECIFIC REFERENCE TO IKEA , PEPPERFRY AND URBANLADDER

SHREYA NIGAM¹ | AADIT D JAIN²

^{1,2} Christ University , Bannerghata Road School Of Business Studies and Social Sciences.

ABSTRACT

Companies worldwide are trying to ensure that their advertisements are seen and generate a reasonable ROI (return on investment). The traditional form of media (Newspapers , TV ads etc) is highly cluttered and hardly one or two advertisements outsmart the rest. Therefore , digital marketing has helped companies to put forward their advertisements to their relevant users and provided companies with a platform to showcase their creativity .Therefore , in this research paper we look at some effective digital marketing campaigns organized by furniture retailers to generate online and offline sales.

Keywords: Offline, Online, Digital marketing, Campaign, Sales, Online.

Introduction

Advances in retail technology, from buying furniture offline to online have sent a gust of disruption through the furniture market. Overall the furniture industry is between 65,000- 70,000 crore in India. 15% of it is captured by large retail chains. The industry averages 1,500-2000 crore annual online furniture sale. It is estimated that by 2018, 70% of all furniture sales would be influenced by internet in some way according to a Google report. Online furniture market is at a nascent and unpenetrated stage with huge potential to grow with new technology and marketing tactics. Buying furniture online is not conventional but people rely heavily on internet while making a decision to buy furniture. 66% of the in-store purchasers access information online while buying furniture. 49% of the traffic to all furniture searches is on mobile phone or tablet. Allowing customers access to digital touchpoints before visiting a brick and mortar store provides a clear picture of stock levels hence setting realistic expectations of the product. To bridge the gap and adjust to the business landscape, innovative brick and mortar retailers have started digitizing the physical stores to provide a better customer experience. Hence, Digital marketing helps tracking shopping behavior and provide level playing field to medium and small furniture retailers.

Literature review

Isaac M. Dinner, Harald J. van Heerde & Scott A. Neslin (2014) in their study titled Driving online and offline sales: The cross channel effects of traditional , online display and paid search advertising is written with the objective to understand the implications of different form of advertisements on sales . There are two effects which have been derived from the study , Own effect and Cross effect. Own effect remains to be the direct implication , for example – Traditional Advertisement (Newspaper advertisement , Hoardings , Pamphlet etc) yields to offline sales whereas its cross effect could be online sales . This medium is extensively used by Automobile companies to generate in store sales and very recently e-commerce websites have chosen this route of traditional marketing in order to grow their brand awareness among the local masses in tier-2 or tier-3 cities who are not fully connected to the internet to drive online sales through their website (cross-effect). Similarly , online advertisements in the form of display advertisement and paid search advertising is constantly being used to generate sales. This route is extensively used by companies who sell items which are considered to be of a large magnitude like furniture where intense amount of research goes into the product before actually buying it. Therefore , online advertisement which leads to online sales (own effect) and if it generates offline sales (cross effect) as in the case of furniture industry. This research studied high end cloth retailers in 25 different US markets and thus its results were online advertising has a greater own effect than cross effect.

Kirithi Kalyanam , John Mcateer , Jonhatan Marek , James Hodges and Lifeng Lin (2014) in their study titled Cross channel effects of search engine advertising on Brick and Mortar retail sales : Insights from multiple large scale field experiments on Google.com is written with the objective to understand the vast impact which advertising on google carries for retailers . People , who are informed by offline advertisement in the form of newspapers or TV and word of mouth usually search on google for that particular brand or product. This is where the brick and mortar stores google advertisements come into picture , if their advertisement pops up for a relevant search by the user , then all the retailer has to do is feed the user with relevant information and lure him to his store. Users generally research about the product online or even make comparisons online and then set their foot in the retail shop.

Digital marketing used to generate offline sales by IKEA

Ikea, a Swedish multinational home furnishing company currently having 315 IKEA Group Stores in 27 countries designed a successful brand by leveraging Digital Marketing. Traditionally Ikea adopted social media marketing to present its merchandise on Facebook, Twitter and Pinterest. There are separate country pages and twitter feeds for all its country specific Facebook and Twitter pages. To increase engagement with in store customers and online customers on social media platforms Ikea's social teams post Youtube links of

“How to” tutorials inspiration videos and new products, links to photo albums and fascinate its followers on Twitter pages to indulge in different campaigns, celebrate national holidays, promote its products and publish news about the brand. Ikea’s digital catalogue is a brilliant and innovative technology offering an interactive online version in the form of app with an augmented reality feature, known as “ Place In Your Room” which allow customers to try different furniture in their own homes. Social Media platforms like Facebook, Youtube and Adwords are used to create a buzz and increase brand engagement and profit. In the initial stages of entry into new markets Ikea adapted innovative marketing strategies clubbed later with new age digital marketing tactics to successfully engage with customers and expand in different countries

IKEA has forayed into the Indian market recently with its first retail outlet coming up in Hyderabad which is almost the size of four football fields and Haj stores (Haj means hello in Swedish) to complement its major retail stores which are roughly 4000-7000 sq ft and usually present in malls . Digital marketing is to ensure brand presence over the internet to attract and engage audience to convert them into customers. Fortunately for them , they have been all over the Indian media houses as they entered India during the hype of FDI and Make in India campaigns which ensured that every major publisher in India hosted a article on them in the newspapers and thus their online format (E-Newspapers) as well. This garnered them enough publicity and all their major decisions were awaited by the press to be captured (For example – Their target cities for phase-1 drive) . IKEA has started their Indian operations by hosting a local website and their facebook page (Social media marketing). So as of now IKEA for its digital marketing operations take the help of its existing global digital marketing campaigns . Therefore , lets look at its global digital marketing strategies which have helped them engage with their target audience and persuaded them to purchase online due to its positive brand influence.

IKEA is no stranger to brand publishing, having launched its catalog in 1951—eight years after the company was founded in 1943. And it’s not your normal product catalog, having started as a local, Swedish offering and expanding into a giant, 300-plus-page book that’s printed in 38 editions and 17 languages and is distributed across 28 countries.

Therefore , catalogue marketing is at the heart of its company’s initiatives and they utilized the help of digital marketing to launch their campaign BookBook in the form of a youtube video and posted that video a week prior to Apple’s Iphone-6 launch to ride on their media hype . The video was launched by IKEA Singapore which was universally or globally accepted as humorous by the viewers from all over the world which stood at 12.7 million on that particular day for mocking the Apple Iphone 6 by explaining the peculiar metrics of a phone but in this case for their catalogue (For example -User interface, password protection etc) . Those 12.7 million viewers not only enjoyed the video but were connected to the brand by their meticulous storytelling displayed in the video . They usually price their catalogue but this time they set it free of cost which would be available in their retail stores as mentioned in the video as part of their promotion strategy.

Results of the Campaign

The campaign garnered so much love that IKEA were given free media space at Suntec City’s Jumbo Screen in Singapore to air their video.

The video beat the likes of Apple and Samsung new product launch videos on the mashables list in September 2015. It was ranked #1 or most watched youtube video in Singapore drawing the eyes of 4,40,000 people within no time and #3 in Malaysia.

The campaign was featured in over 330 articles including the likes of WSJ (Wall street journal) , TIME , Channel News Asia etc

There was a social media outrage because of the campaign and it garnered over 1 million engagements in the form of likes and shares on facebook (4,70,000 shares) and twitter (37,000 tweets).

IKEA retained 70% of the viewers until the very end of the video unlike the 40 % industry average. More than 6000 people organically uploaded their photos with the BookBook on instagram. Therefore , this successful digital marketing campaign led to a 8% increase in total sales in Singapore and 13% increase in total sales in Malaysia compared to same store sales YOY. This growth in revenue was of a large amount considering the scale at which IKEA usually operates in their host countries.

Digital marketing used to generate online sales by Pepperfry and Urban ladder

Pepperfry is India’s largest furniture and home online marketplace started in January 2011, headquarter in Mumbai. The company achieved a major milestone of successfully delivering one million customer orders in 2015. To make the furniture buying experience easier and delightful Pepperfry introduced a unique concept of Studio Pepperfry. It is one of its kind concept store that showcases a curated range of furniture from the online portfolio. To increase its presence in digital space with a marketplace model, in June’ 15 it launched its app for Android and iOS users to make buying decisions using enhanced Augmented Reality features. In July 2012, it started bon-homie. The official blog consists of DIY, room décor, pet and gardening, home improvement and happy furnishing. The blog is linked with other social accounts like Facebook, Twitter, Google+, Pinterest and Youtube. The social media segment consists of a Youtube channel showcasing a series of videos showing how the furniture is made to assure customers regarding the product and brand loyalty. Pepperfry’s presence on Facebook and Twitter is an important portal for customer interaction, solving grievances and valuing its brand and product. It targets customers using performance marketing channels such as SEO, SEM, Social Product Advertising and Re-Marketing. The marketing budget is equally distributed between online and offline. 70% of the online budget is spent on Search and the rest 30% is attributed to social media and videos. In the offline space 70% of the budget is dedicated to Television and rest to Out of Home Advertising. Performance marketing is entirely ROI focused and from a revenue point of view digital has worked well for Pepperfry. It is promoted through various channels for example email, display, social media, PPC (pay per click). Pepperfry attributes every click and re track the consumer and channel from which they came. Pepperfry is trying to influence consumers to change their

behavior through its campaign educating people around the pitfalls in getting furniture made at home. To address the prevalent myths of buying furniture online it provides hi- resolution images of the product from different angles and the measure of the product along with images with human references.

Urban Ladder is another India's leading e-tailer of curated online furniture, décor and interior design services started in 2012. It is headquartered in Bangalore with the intention of selling premium quality furniture and home décor products through the digital marketing channel. It started working with PAN India for logistic supply but later supplied the goods by their own due to damage by third party. Urban Ladder is not a marketplace instead they are an end to end solution company hence they do everything from procuring wood to final installation of the product. It focuses highly on digital marketing with an added advantage of targeting customers based on their likes and dislikes and socio economic status as per social media profiles. 90% of its business is coming from Facebook. The marketing budget apportioned very little to Google Adwords as Urban Ladder believes in organic growth coupled with word of mouth and social media marketing. Urban Ladder has a user friendly furniture space app to help customers to have HD images with dimensions, looks, color and texture. In addition there is a Wardrobe app that helps the customer to design its own wardrobes to sync with the room design if a customer plans to buy a wardrobe at a later stage.

Pepperfry launched a 360 degree Marketing Campaign in May 2016 to expand online furniture category. The campaign comprises of 3 creative executions that are based on in dept customer interviews. Through this campaign Pepperfry seeks to educate customers about the potential pitfalls of getting furniture made at home that leads to physical inconvenience, time escalations, budget overruns and a lack of design. It provides an alternate choice of buying furniture through a seamless and happy Pepperfry experience.

Target

Via this campaign Pepperfry aims to expand the market by going up the product life cycle to address the early majority of shoppers. The broad goal is to help 20 million customers create beautiful homes by 2020.

Outlay

Pepperfry's outlay on this campaign is expected to be above 10 crores. The campaign comprises three creative executions which will be aired on television, across digital video channels and in multiplexes. This 360 degree campaign will also include outdoor, a bouquet of digital media including Search, display and Social channels.

Results

On a monthly basis Pepperfry is growing by 10-15%. Whereas in September 2016 it posted 100% growth as it was a long festival season. It posted gross sales of 1000 crore during March 2016 and is expected to hit the 2,500 crore mark during 2016-17.

Conclusions

In the digital era, start ups can be run efficiently without spending a big amount on marketing by developing customer trust with good quality products and excellent customer service. Social media platforms like Facebook, Twitter, Youtube and Pinterest gives a good platform for marketing to huge and relevant audience in a cost effective manner as seen in the marketing tactics of Urban Ladder.

90% of its business of new online furniture e-tailers like Urban Ladder is coming from Facebook. The marketing budget apportioned very little to Google Adwords as Urban Ladder believes in organic growth coupled with word of mouth and social media marketing.

With respect to Ikea, online marketing is aligned with in- store experience and focus on local advertising with presence in different countries. There is a local SEO campaign and a focused PPC advertising. It also has a well designed web store in place that provides easiest way for customers to peruse the products Ikea has and find the ones they want to short list.

IKEA has the foresight to look into the needs of the customers and focus their marketing campaigns around them . They also have the capability to engage their target audience in the most creative way possible. Therefore , a combination of customer needs and creative digital marketing campaigns around their customer needs have fed them with successful results.

IKEA's strongest asset is its employees with a creative mindset who are able to portray their products in the form of storytelling in a video . Every campaign of theirs has been aided with a video for visual engagement purposes which leaves a mark in the target audience mind . They have video for durations ranging from 30 seconds to 3 minutes and they have been able to generate a higher retention rate amongst users against the industry average for their videos. (BookBook campaign , 3 min video had a 70% retention rate against 40% industrial average).

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