IKEA

Marketing Web Analytics and Insights

Group 1

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About **IKEA**

IKEA was founded in Sweden in 1943 by 17-year-old Ingvar Kamprad. It is a multinational conglomerate that designs and sells ready-to-assemble furniture, kitchen appliances, decoration, home accessories, and various other goods and home services. As of March 2021, there are 422 IKEA stores operating in 50 countries and in fiscal year 2018, €38.8 billion (US$ 44.6 billion) worth of IKEA goods were sold.

Vision: "To create a better everyday life for the many people." This vision goes beyond home furnishing. IKEA aims to have a positive impact on the world.

VALUES

Togetherness

Simplicity

Different with a meaning

Caring for people and planet

Give and take responsibility

Cost-consciousness

Lead by example

Renew and Improve

BUSINESS OBJECTIVE

To drive a sustainable revenue growth through enhanced customer online experience, effective marketing and pricing strategies, market expansion, and continuous innovation.

KEY PERFORMANCE INDICATORS:

Session (Visits)

Session by Marketing Channel
Session by Age Group
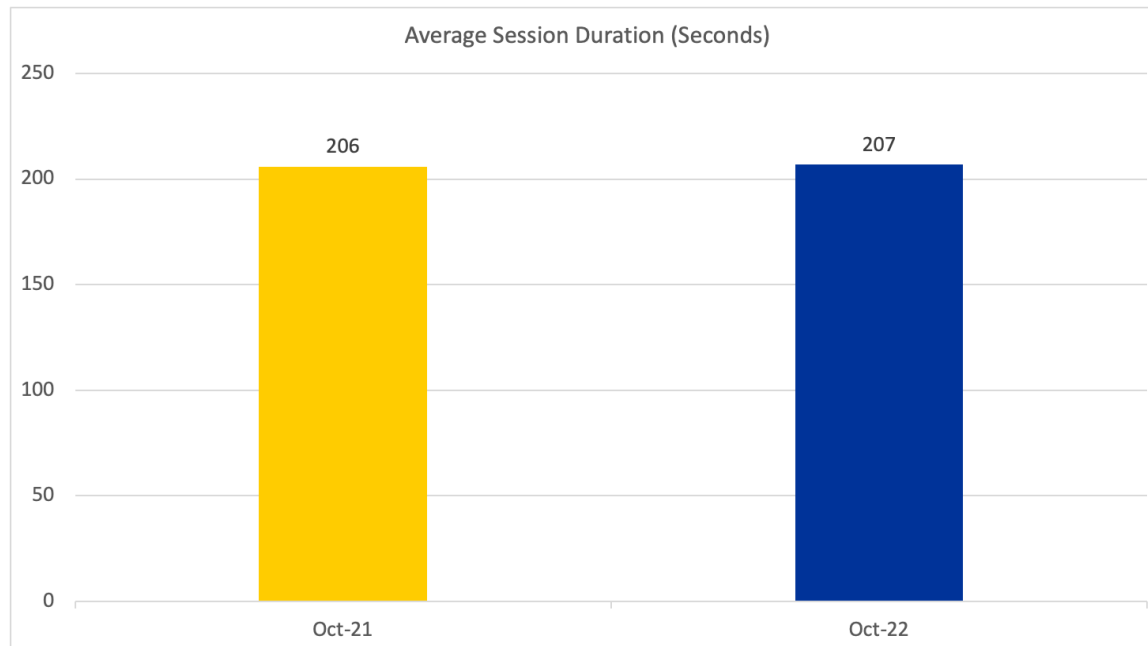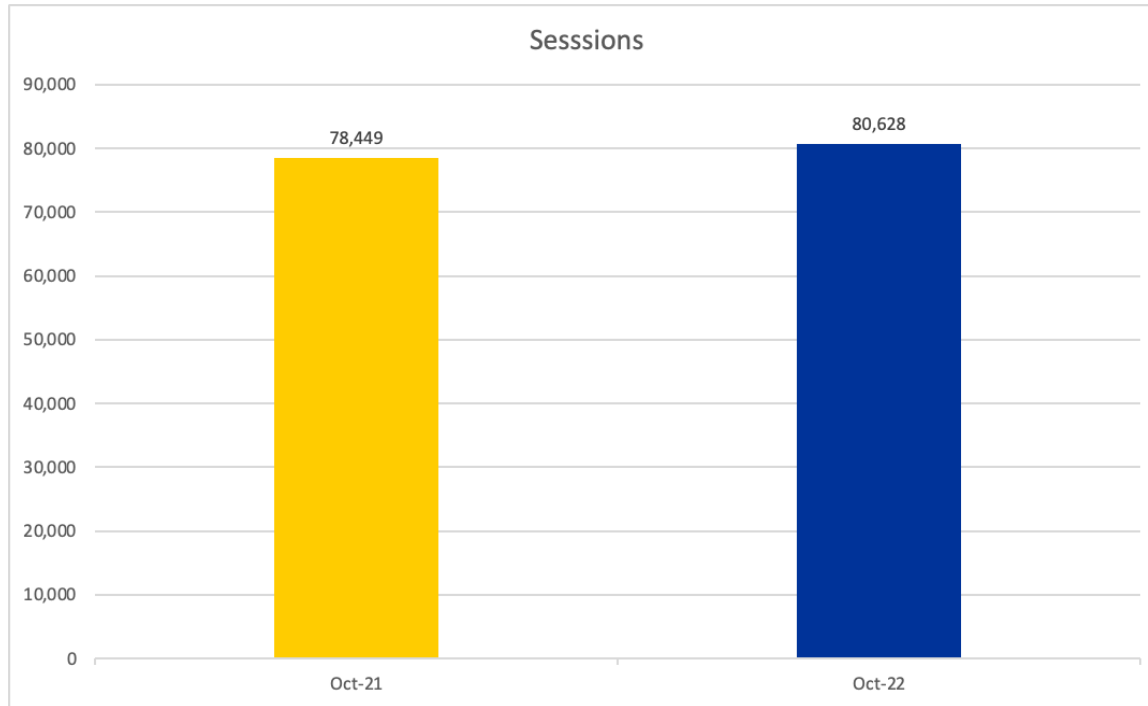Session by Gender
Average Session Duration by Device

Conversion Rate

New vs Returning Users
By Age Group
By Browser

Revenue

Contribution by Category
Average Order Value (AOV)
New vs Returning Users

SESSIONS:

Observations:

- **The average number of sessions in October 2021 was 78,449 that increased to 80,628 in October 2022.**
- **The observed percent change of about 2.78% indicates a relatively minor shift.**
- **The average session duration was consistent for both the years and was about 206.5 seconds/ session.**
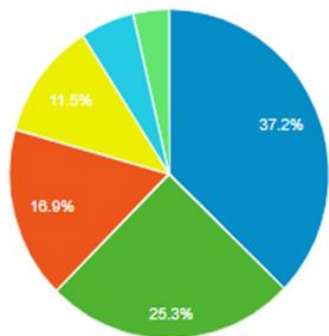
SESSIONS:

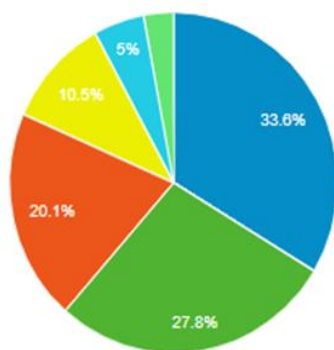**By Marketing Channel:**

Observations:

- We can see that there are mainly two channels that are driving the sessions: Direct and Paid Search while the rest, Display, Affiliates, Other and Referral hold a negligible share in driving sessions.

- Additionally, for October 2022, the visits through Paid Search have increased as compared to October 2021. Direct channel still continues to drive heavy traffic to the site.

Oct 1, 2021 - Oct 31, 2021

6.5%

92.9%

Oct 1, 2022 - Oct 31, 2022

10.6%

88.8%

		2.78% ⬆ 80,628 vs 78,449	2.78% ⬆ 80,628 vs 78,449
1. ■ Direct			
	Oct 1, 2022 - Oct 31, 2022	71,618	88.83%
	Oct 1, 2021 - Oct 31, 2021	72,870	92.89%
2. ■ Paid Search			
	Oct 1, 2022 - Oct 31, 2022	8,557	10.61%
	Oct 1, 2021 - Oct 31, 2021	5,117	6.52%
3. ■ Display			
	Oct 1, 2022 - Oct 31, 2022	241	0.30%
	Oct 1, 2021 - Oct 31, 2021	192	0.24%
4. ■ Affiliates			
	Oct 1, 2022 - Oct 31, 2022	171	0.21%
	Oct 1, 2021 - Oct 31, 2021	268	0.34%
5. ■ (Other)			
	Oct 1, 2022 - Oct 31, 2022	41	0.05%
	Oct 1, 2021 - Oct 31, 2021	1	0.00%
6. ■ Referral			
	Oct 1, 2022 - Oct 31, 2022	0	0.00%
	Oct 1, 2021 - Oct 31, 2021	1	0.00%

Oct 1, 2021 - Oct 31, 2021 — 37.2%, 25.3%, 16.9%, 11.5%

Oct 1, 2022 - Oct 31, 2022 — 33.6%, 27.8%, 20.1%, 10.5%, 5%

Age		Sessions	Sessions
		6.44% ↑ 36,956 vs 34,719	6.44% ↑ 36,956 vs 34,719
1. ■ 25-34			
	Oct 1, 2022 - Oct 31, 2022	12,435	33.65%
	Oct 1, 2021 - Oct 31, 2021	12,912	37.19%
2. ■ 18-24			
	Oct 1, 2022 - Oct 31, 2022	10,285	27.83%
	Oct 1, 2021 - Oct 31, 2021	8,773	25.27%
3. ■ 35-44			
	Oct 1, 2022 - Oct 31, 2022	7,431	20.11%
	Oct 1, 2021 - Oct 31, 2021	5,868	16.90%
4. ■ 45-54			
	Oct 1, 2022 - Oct 31, 2022	3,871	10.47%
	Oct 1, 2021 - Oct 31, 2021	4,002	11.53%
5. ■ 55-64			
	Oct 1, 2022 - Oct 31, 2022	1,840	4.98%
	Oct 1, 2021 - Oct 31, 2021	1,896	5.46%
6. ■ 65+			
	Oct 1, 2022 - Oct 31, 2022	1,094	2.96%
	Oct 1, 2021 - Oct 31, 2021	1,268	3.65%

SESSIONS:

By Age-Group:

Observations:

- **The highest traffic is driven by the Age group 25-34 year old both in October 2021 and 2022. They contributed to 37.19% traffic in Oct 2021 and about 33.65% the following year in October.**
- **The second highest age group contributing to visits was 18-24 contributing approximately 25% to the entire site traffic followed by millennials in the age group of 35-44 indicating the need for the platform to focus on attracting and retaining users in these age groups.**
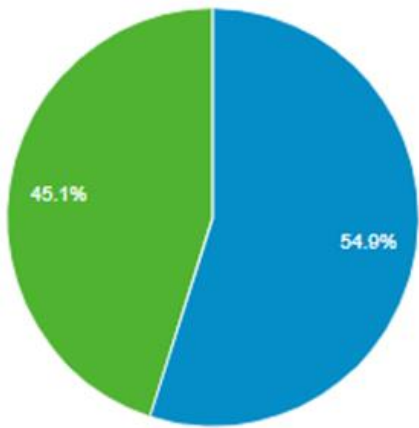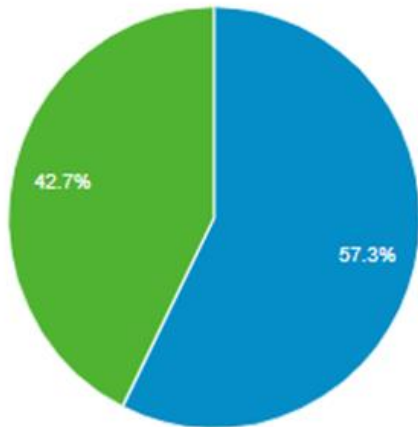
SESSIONS:

By Gender

Observations:

- **We observe that the gender wise traffic from both the genders is almost equal, with males contributing to 54.94% in Oct 2021 as compared to 57.35% in the previous year.**
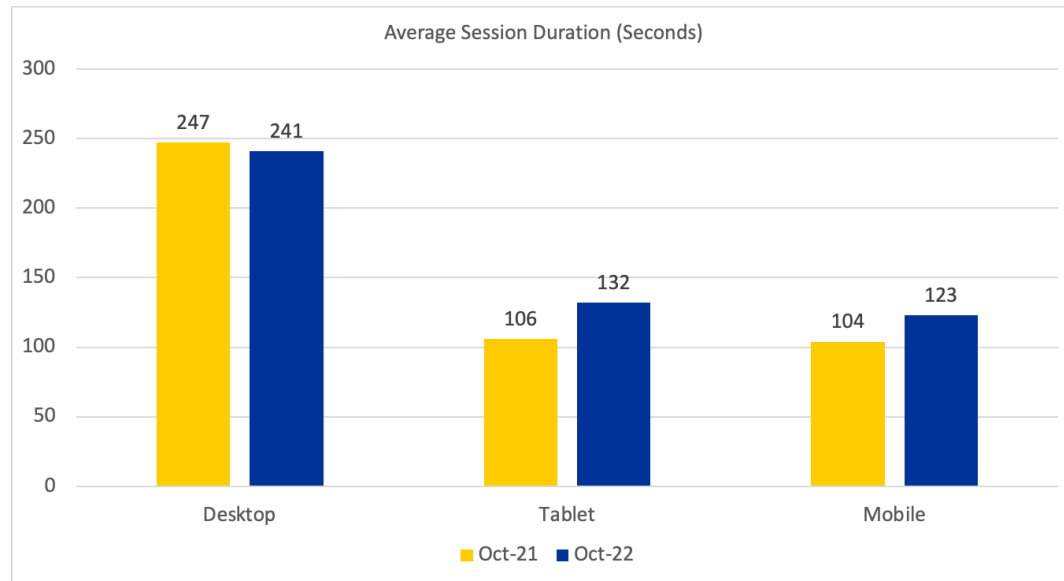
Oct 1, 2021 - Oct 31, 2021

45.1%   54.9%

Oct 1, 2022 - Oct 31, 2022

42.7%   57.3%

Gender	Sessions ⌄ ↓	Sessions
	7.34% ▲ 39,682 vs 36,970	7.34% ▲ 39,682 vs 36,970
1. ■ male		
Oct 1, 2022 - Oct 31, 2022	22,757	57.35%
Oct 1, 2021 - Oct 31, 2021	20,311	54.94%
2. ■ female		
Oct 1, 2022 - Oct 31, 2022	16,925	42.65%
Oct 1, 2021 - Oct 31, 2021	16,659	45.06%

Average Session Duration (Seconds)

Device	Oct-21	Oct-22
Desktop	247	241
Tablet	106	132
Mobile	104	123

Device Category	Avg. Session Duration ▼	Session Duration
	0.30% ▲ 00:03:27 vs 00:03:26	3.09% ▲ 4632:04:30 vs 4493:23:43
1. ■ desktop		
Oct 1, 2022 - Oct 31, 2022	00:04:01	82.76%
Oct 1, 2021 - Oct 31, 2021	00:04:07	85.54%
2. ■ tablet		
Oct 1, 2022 - Oct 31, 2022	00:02:12	0.89%
Oct 1, 2021 - Oct 31, 2021	00:01:46	0.66%
3. ■ mobile		
Oct 1, 2022 - Oct 31, 2022	00:02:03	16.35%
Oct 1, 2021 - Oct 31, 2021	00:01:44	13.80%

SESSIONS:

Average Session Duration by Device:

Observations:

- **We can see that the highest average session duration is through desktop for both the years and it lies between 241-247 seconds/session.**
- **After desktop, tablets have the next highest session duration, which has also increased in Oct 2022 as compared to Oct 2021.**
- **Mobile devices have the least average session duration time which is less than half of that of desktop. It is considerably low when compared to the overall session duration of 206 seconds.**

RECOMMENDATIONS

1) **Mobile optimization of the website:**
   We have seen that the average session duration is the least by mobile devices and hence the platform should focus more on optimizing the website for mobile devices. This can be achieved by using responsive design and ensuring a faster loading time for mobile devices. It can also be achieved by having mobile friendly navigation, optimized images and appropriate SEO for mobile devices.

2) **Increase traffic through Paid Channel:**
   Implementing a better marketing strategy for paid channels including Search and Display Advertisement to achieve a better Click Through Rate (CTR) so that we achieve a higher traffic from paid channels as it is currently contributing to only 6-10% of the total website traffic. This will also result in a better marketing ROI.

3) **Content and Marketing Relevant to Age group 18-34**
   We have seen that more than 50% of the traffic for both the years is coming from the said age group and hence it is important to continue marketing efforts in the same direction. Additionally, we recommend working on content strategies and launch products relevant to the target group of age 18-34 years.

CONVERSION RATE:

Observations:

- **The conversion rate in October 2021 was 2.99%, declining to 2.07% in October 2022**
- **We saw a significant drop of nearly 30.70% compared to the previous year**
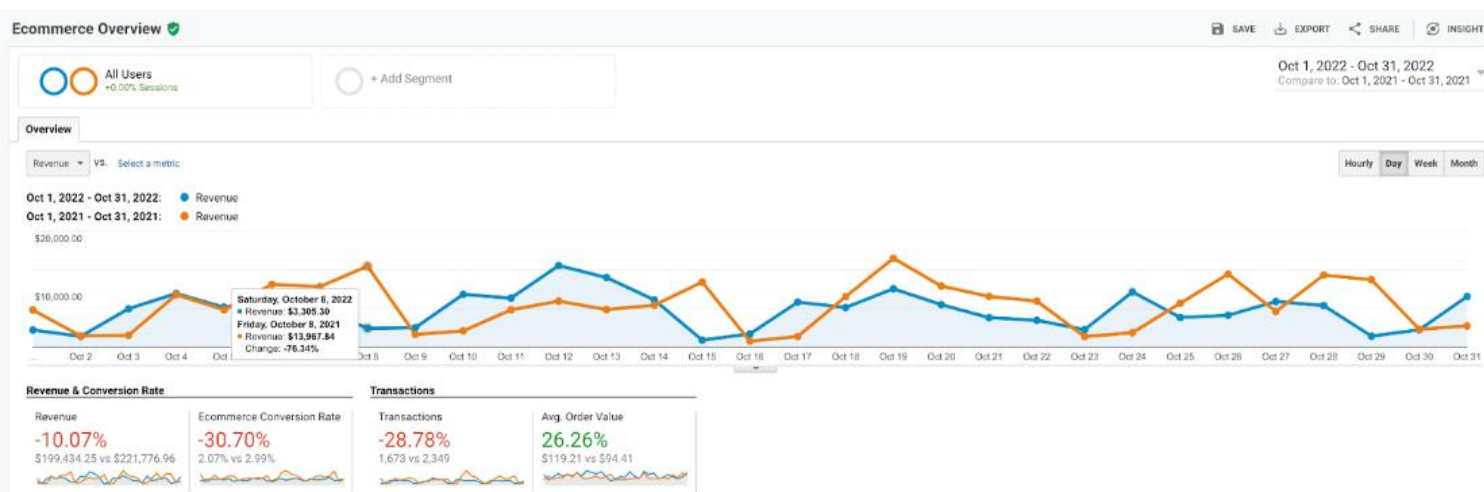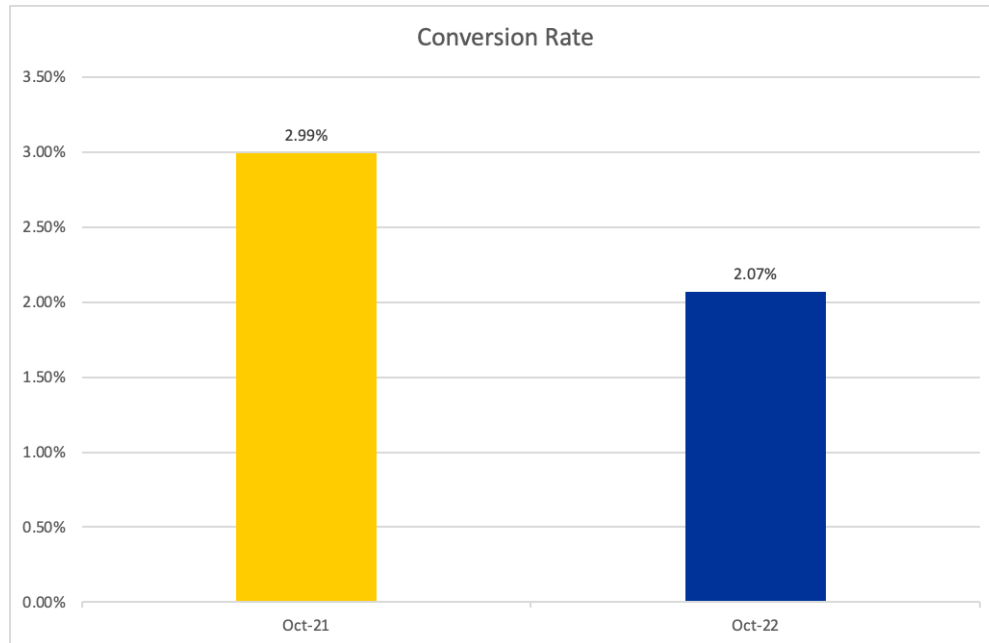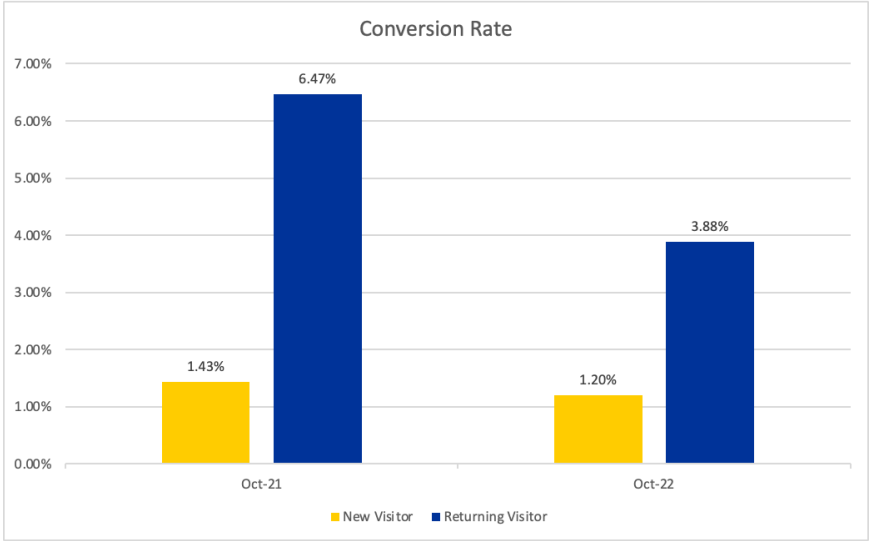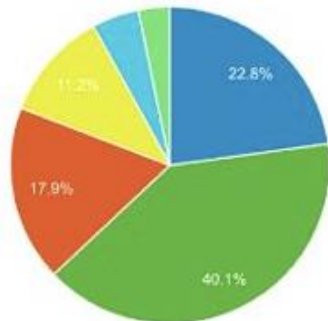
CONVERSION RATE:

New vs Returning Users

Observations:

- The conversion rate for returning users dropped by 40.12% from Oct 2021 to Oct 2022
- Notably, the decline was intensified by a steep drop in transactions during the same period.
- Furthermore, overall conversion rate for new visitors remained relatively low
- A 15.76% drop in new user conversion rate from Oct 2021 to Oct 2022, alongside reduced transactions despite increased sessions, highlights challenges in converting new visitors.


Primary Dimension: User Type

User Type	Ecommerce Conversion Rate	Sessions	Transactions
	30.70% ▼ 2.07% vs 2.99%	2.78% ▲ 80,628 vs 78,449	28.78% ▼ 1,673 vs 2,349
1. Returning Visitor			
Oct 1, 2022 - Oct 31, 2022	3.88%	26,311 (32.63%)	1,020 (60.97%)
Oct 1, 2021 - Oct 31, 2021	6.47%	24,357 (31.05%)	1,577 (67.13%)
% Change	-40.12%	8.02%	-35.32%
2. New Visitor			
Oct 1, 2022 - Oct 31, 2022	1.20%	54,317 (67.37%)	653 (39.03%)
Oct 1, 2021 - Oct 31, 2021	1.43%	54,092 (68.95%)	772 (32.87%)
% Change	-15.76%	0.42%	-15.41%

Oct 1, 2021 - Oct 31, 2021

Oct 1, 2022 - Oct 31, 2022
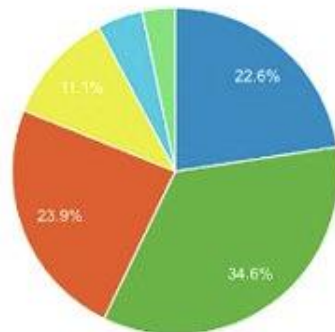
Age		Ecommerce Conversion Rate	Transactions
		35.05% ▼ 2.63% vs 4.05%	30.87% ▼ 972 vs 1,406
1. 18-24			
	Oct 1, 2022 - Oct 31, 2022	2.14%	22.63%
	Oct 1, 2021 - Oct 31, 2021	3.66%	22.83%
2. 25-34			
	Oct 1, 2022 - Oct 31, 2022	2.70%	34.57%
	Oct 1, 2021 - Oct 31, 2021	4.37%	40.11%
3. 35-44			
	Oct 1, 2022 - Oct 31, 2022	3.12%	23.87%
	Oct 1, 2021 - Oct 31, 2021	4.29%	17.92%
4. 45-54			
	Oct 1, 2022 - Oct 31, 2022	2.79%	11.11%
	Oct 1, 2021 - Oct 31, 2021	3.92%	11.17%
5. 55-64			
	Oct 1, 2022 - Oct 31, 2022	2.39%	4.53%
	Oct 1, 2021 - Oct 31, 2021	3.53%	4.77%
6. 65+			
	Oct 1, 2022 - Oct 31, 2022	2.93%	3.29%
	Oct 1, 2021 - Oct 31, 2021	3.55%	3.20%

CONVERSION RATE:

By Age Group
Observations:

- **The average ecommerce conversion rate for all age groups in Oct 2021 and Oct 2022 falls within the industry benchmark range of 2.5-3%, suggesting a solid performance with room for further optimization**
- **Despite a conversion rate dip from 4.37% to 2.70%, our aspirational audience (25-34 age group) maintained a significant contribution to transactions in both Oct 2021 and 2022.**
- **The lowest conversion rates were observed for the 18-24 age group (2.14%) and the 55-64 age group (2.39%).**

CONVERSION RATE:

By Browser

Observations:

- **Chrome consistently maintained the highest average conversion rate, followed by Safari and Edge in both Oct 2021 and Oct 2022.**

- **There is a slight increase in sessions for Chrome in Oct 2022, with a significant 34.30% drop in conversion rates, indicating a decline in transaction engagement.**

- **Edge browser experienced the highest percent change in conversion rate from Oct 2021 to Oct 2022, surging by 150.54%, while Safari also showed an increase of 15.95%. However, it does not create an impact as the number of sessions for Edge remained low as compared to Chrome.**

Conversion Rate by Browser
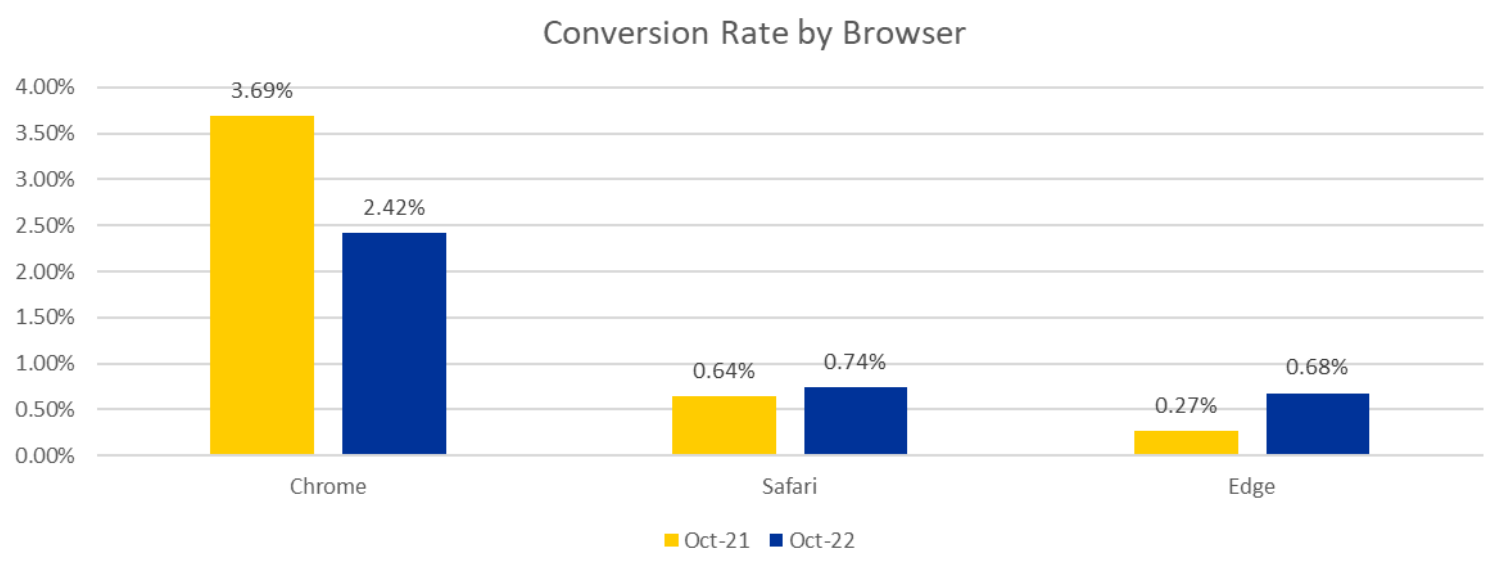
Browser	Sessions	Transactions	Ecommerce Conversion Rate
	2.78% ▲ 80,628 vs 78,449	28.78% ▼ 1,673 vs 2,349	30.70% ▼ 2.07% vs 2.99%
1. Chrome			
Oct 1, 2022 - Oct 31, 2022	64,397 (79.87%)	1,561 (93.31%)	2.42%
Oct 1, 2021 - Oct 31, 2021	60,986 (77.74%)	2,250 (95.79%)	3.69%
% Change	5.59%	-30.62%	-34.30%
2. Safari			
Oct 1, 2022 - Oct 31, 2022	11,195 (13.88%)	83 (4.96%)	0.74%
Oct 1, 2021 - Oct 31, 2021	12,981 (16.55%)	83 (3.53%)	0.64%
% Change	-13.76%	0.00%	15.95%
3. Edge			
Oct 1, 2022 - Oct 31, 2022	2,354 (2.92%)	16 (0.96%)	0.68%
Oct 1, 2021 - Oct 31, 2021	1,843 (2.35%)	5 (0.21%)	0.27%
% Change	27.73%	220.00%	150.54%

RECOMMENDATIONS

1) **Enhanced Site Navigation & Mobile Optimization**
   We should improve site navigation and prioritize mobile optimization for a seamless, user-friendly experience, boosting overall conversion rates.

2) **Remarketing efforts for returning users**
   We should implement remarketing campaigns to re-engage returning users for incentivized repeat transactions.

3) **Customized Landing Pages for New Visitors**
   We should create personalized landing pages to guide new visitors, showcasing popular products and unique selling points for an engaging initial experience.

4) **Tailored Marketing for Age Groups 25-34**
   We should continue the existing marketing efforts for other age groups but develop more tailored strategies for age group 25-34 , our aspirational audience with significant purchasing power and a notable contribution to transactions so that we can capitalize on their potential for higher conversion rates.

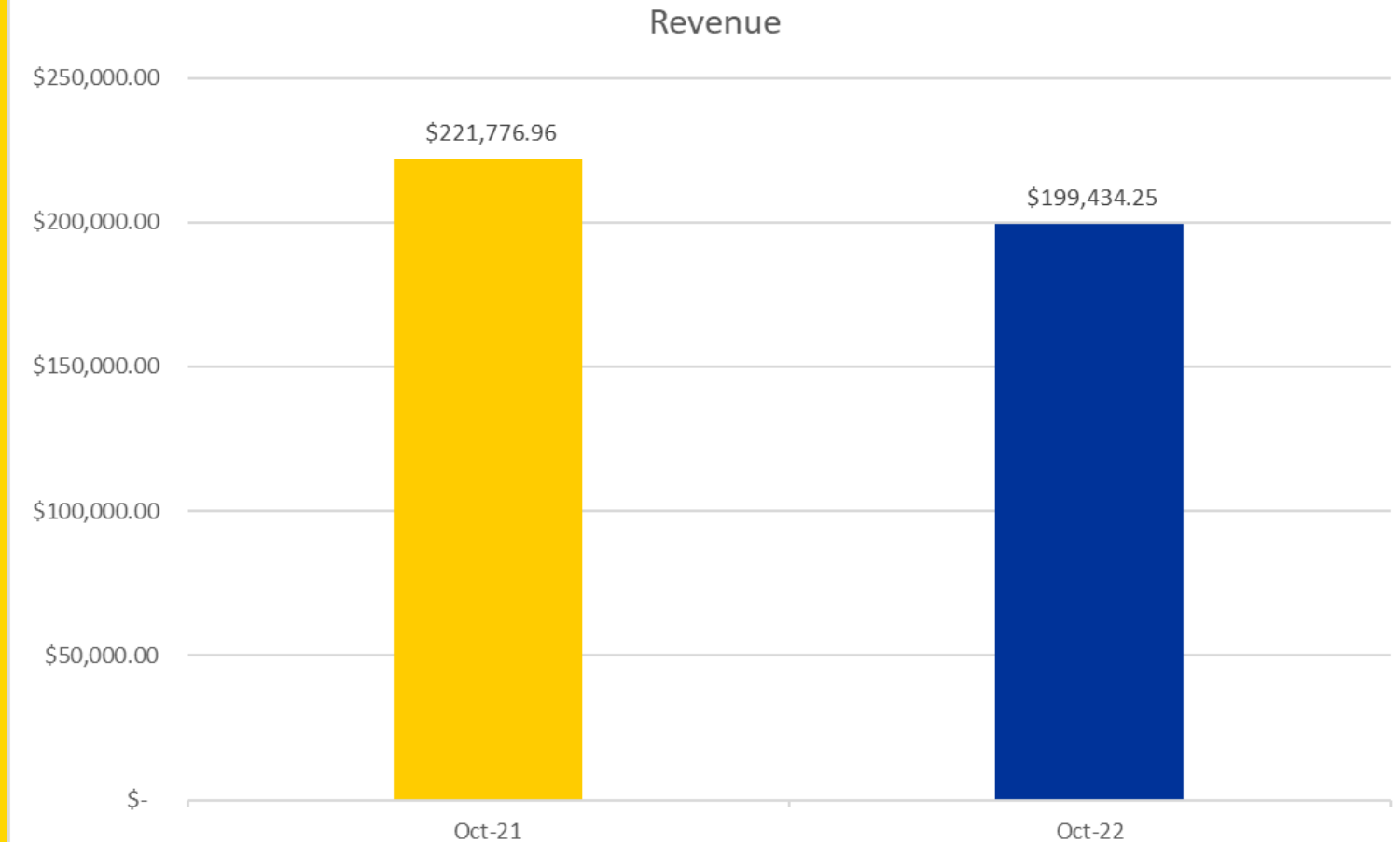5) **Browser Optimization Strategy**
   We should optimize user experience for Edge and Safari; for Chrome, we should analyze user behavior and implement targeted optimizations, focusing on factors like page load speed and compatibility. We should regularly iterate based on user feedback and browser updates.
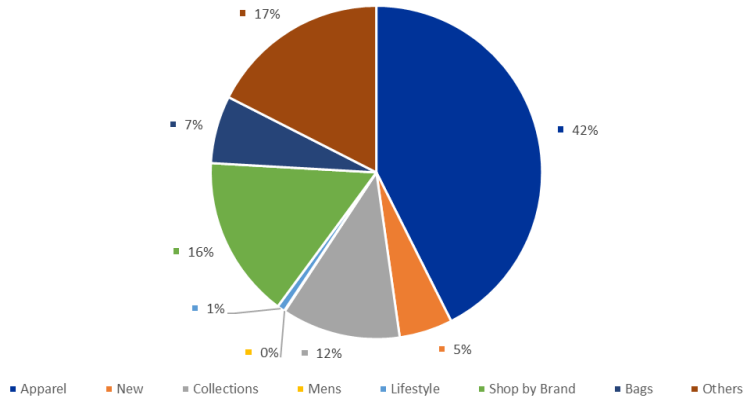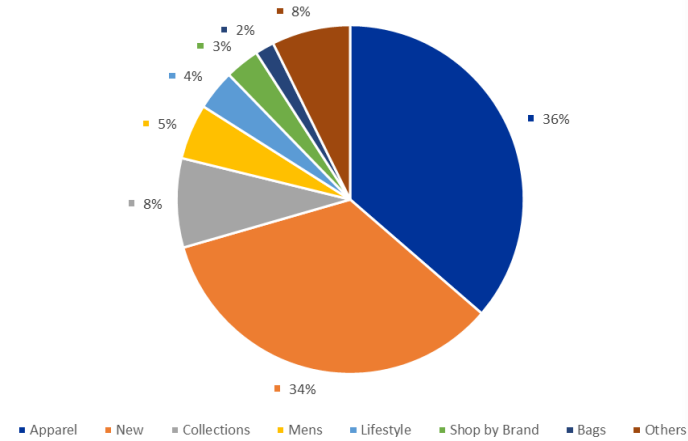
REVENUE:

Observations:

- The total revenue for Oct 2021 was $2,21,776.96 which dropped to $1,99,434,25 in October 2022.
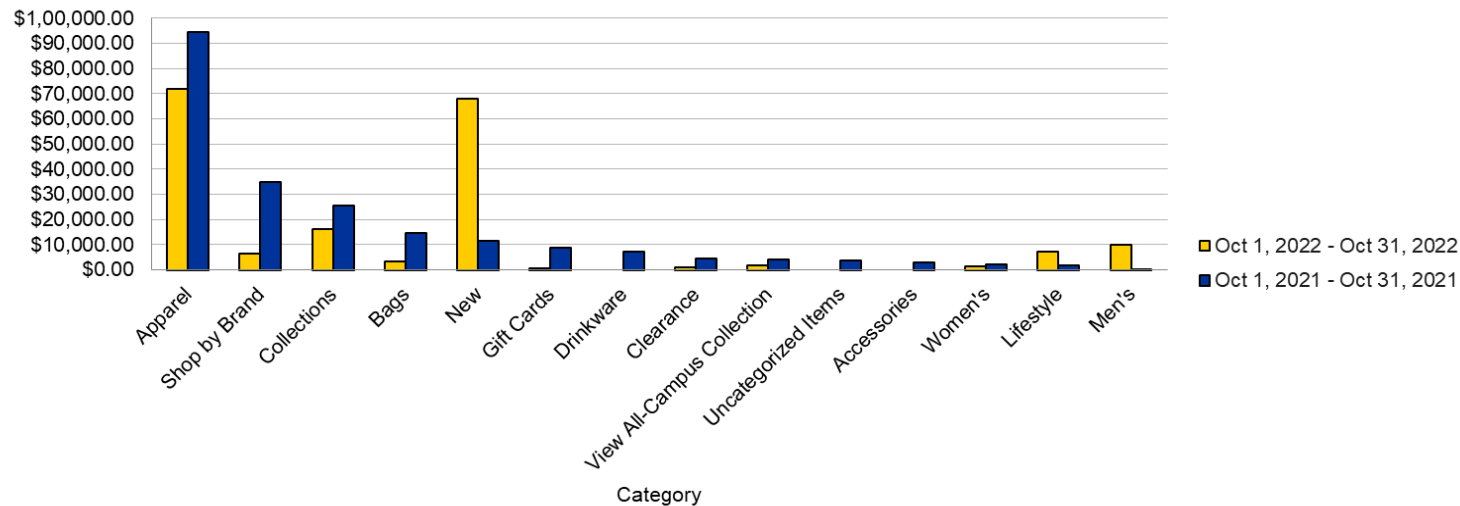- We saw a decrease of almost 10.07% in revenue as compared to the October of previous year.

October 2021

- Apparel 42%
- New 5%
- Collections 12%
- Mens 0%
- Lifestyle 1%
- Shop by Brand 16%
- Bags 7%
- Others 17%

October 2022

- Apparel 36%
- New 34%
- Collections 8%
- Mens 5%
- Lifestyle 4%
- Shop by Brand 3%
- Bags 2%
- Others 8%

Revenue by Product Categories

Categories: Apparel, Shop by Brand, Collections, Bags, New, Gift Cards, Drinkware, Clearance, View All-Campus Collection, Uncategorized Items, Accessories, Women's, Lifestyle, Men's

Legend:
- Oct 1, 2022 - Oct 31, 2022
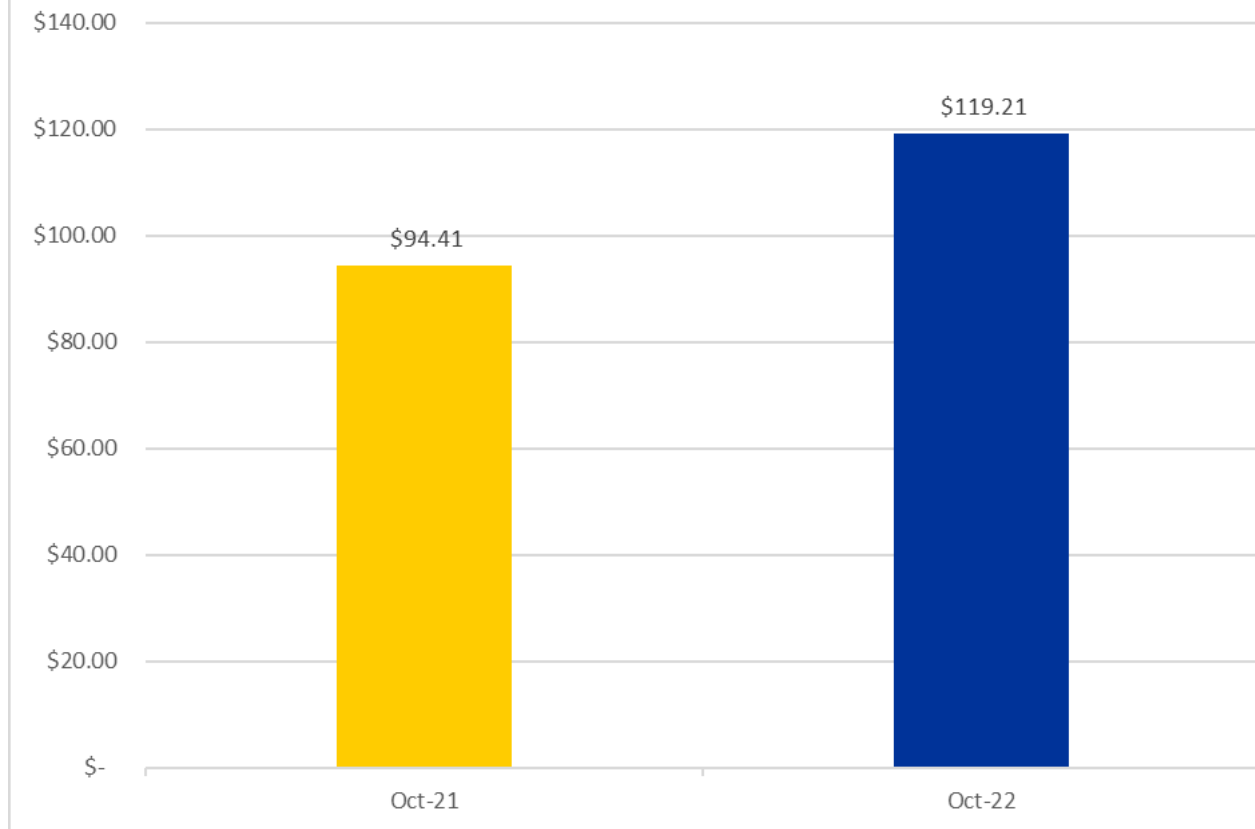- Oct 1, 2021 - Oct 31, 2021
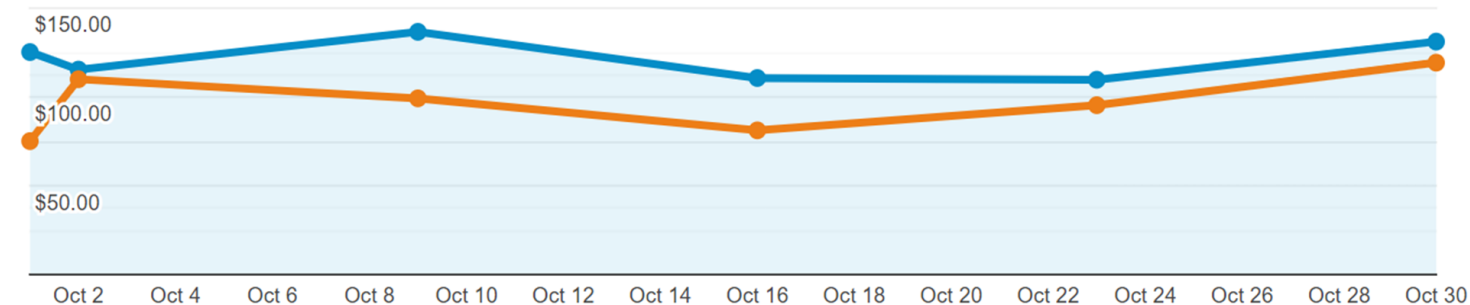
REVENUE:

By Product Category

Observations:

- **The highest revenue generating product categories for both the years has been Apparel followed by Shop by Brand for "October 2021" and "New" for October 2022**

- **The graphs here represent the category wise revenue distribution for the different product categories**

REVENUE:

By Average Order Value:

Observations:

- **The AOV for October 2021 is $94.41 which has increased to $119.21 in October 2022 reflecting a notable percent change of 26.27%.**
- **Here, we notice an increase in the average order value even though there was a decrease in revenue over the next year.**

REVENUE:

Observations:

New vs Returning Users:

- **The total revenue for returning visitors dropped by 14.22% from Oct 2021 to Oct 2022 even though the number of returning visitors increased.**

- **Moreover, we saw an increase in the number of new visitors to the website**

- **Furthermore, there is 35.32% drop in the number of transactions from a return visitor even though there was an increase in their number of sessions**

Primary Dimension: User Type

Plot Rows | Secondary dimension ▾ | Sort Type: Default ▾

User Type	Avg. Order Value ↓	Revenue	Users
	26.26% ▲ $119.21 vs $94.41	10.07% ▼ $199,434.25 vs $221,776.96	3.63% ▲ 61,311 vs 59,163
1. Returning Visitor			
Oct 1, 2022 - Oct 31, 2022	$133.08	$135,744.06 (68.06%)	14,751 (21.29%)
Oct 1, 2021 - Oct 31, 2021	$100.34	$158,241.09 (71.35%)	12,882 (19.31%)
% Change	32.63%	-14.22%	14.51%
2. New Visitor			
Oct 1, 2022 - Oct 31, 2022	$97.53	$63,690.19 (31.94%)	54,547 (78.71%)
Oct 1, 2021 - Oct 31, 2021	$82.30	$63,535.87 (28.65%)	53,817 (80.69%)
% Change	18.51%	0.24%	1.36%

Primary Dimension: User Type

Plot Rows | Secondary dimension ▾ | Sort Type: Default ▾ | [search] Q advanced

User Type	Ecommerce Conversion Rate	Sessions	Transactions
	30.70% ▼ 2.07% vs 2.99%	2.78% ▲ 80,628 vs 78,449	28.78% ▼ 1,673 vs 2,349
1. Returning Visitor			
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% Change	-40.12%	8.02%	-35.32%
2. New Visitor			
Oct 1, 2022 - Oct 31, 2022	1.20%	54,317 (67.37%)	653 (39.03%)
Oct 1, 2021 - Oct 31, 2021	1.43%	54,092 (68.95%)	772 (32.87%)
% Change	-15.76%	0.42%	-15.41%

WATERFALL TABLE

	Oct-21	Oct-22	% vs LY	# vs LY	Adjusted metric impact on revenue
Revenue	$221,776.96	$199,434.25	-10%	-$22,342.71	
Sessions	78,449.00	80,628.00	3%	2,179.00	$36,013.34
Conversion Rate	2.99%	2.07%	-31%	-0.92%	-$398,942.39
AOV	$94.41	$119.21	26%	$24.80	$340,586.34

Despite a 26% increase in Average Order Value (AOV) and a 3% rise in Sessions, the overall negative impact on revenue is significant due to a substantial 31% decrease in the Conversion Rate. Consequently, revenue has declined by 10%, resulting in a net loss of $22,342.71.

RECOMMENDATIONS

1) **Continue the growth strategy with higher AOV products:**
   We have seen that while the revenue dropped from October 2021 to October 2022, the AOV increased. This is because we discontinued some low ticket size products and added products with a higher price. We recommend to continue this growth strategy along with strategies to increase the revenue to achieve our business goal.

2) **Remarketing efforts for returning users:**
   The transaction rate as well as the revenue has dropped significantly for returning users. We should target these consumers by using appropriate marketing efforts along with additional discounts to ensure we keep getting business from returning users.

3) **Continuation of successful products and marketing campaigns**
   While looking at the breakdown of products, we found out that some successful products might have been discontinued in Oct 2022 that contributed to a huge revenue in Oct 2021. We recommend to retain and launch products that are driving revenue for Ikea.

4) **Consistent navigation and easy-to-use interface**
   We also noticed that there might be a possibility that the products available in a certain category are not present there anymore and have been shifted elsewhere. We recommend that we stick to the existing interface so that the shopping process for the consumers is convenient which might lead to a better conversion rate and therefore, better revenue.

5) **Category Strategy**
   We know the high performing categories for both the years and hence we should continue the same marketing efforts for those categories to ensure continued performance from those products. Additionally, categories that are consistently not performing well should be discontinued while those that have potential should be marketed more according after evaluating the current performance and the need gap of the consumers.

THANK YOU!