

# At Home with Dunelm

9 November 2023



# At Home with Dunelm

Dunelm Group plc (“Dunelm” or “the Group”) hosted ‘At Home with Dunelm’, an event for institutional investors and sell-side analysts on 9<sup>th</sup> November 2023.

Chief Executive Officer, Nick Wilkinson, and Chief Financial Officer, Karen Witts, were joined by leaders from the Group for a live showcase on product mastery and to present various case studies to lift the lid on how we think about digital capability building.

No material new financial information or targets were disclosed.

# Welcome to At Home with Dunelm

Nick Wilkinson – CEO

# Today's focus

- A live showcase of **product mastery** development:
  - Harnessing design and coordination expertise
  - Offering choice and value
  - Increasing sustainable choices
- Case studies to lift the lid on how we think about **digital capability building**:
  - Enhancing the customer experience
  - Enabling efficiency through tech integration
  - Harnessing data and analytics
  - Building personalisation



# Today's running order

Welcome and introduction	8.50
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Developing product mastery	9.00
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SS24 showcase at Oxo Tower	9.15
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## Digital capabilities

<i>Room A: Building and optimising</i>	<i>10.30</i>
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<i>Room B: Evolving our marketing ecosystem</i>	<i>11.20</i>
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Closing and Q&A	12.10
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# Today's presenters and participants



Faye Atkins – Commercial and supply chain  
and leaders from our Commercial teams



John Gahagan – Technology  
and leaders from our Technology teams



Terri Westlake – Customer, digital and marketing  
and leaders from our Marketing and Insight & Analytics teams



# Developing product mastery

Faye Atkins – Commercial and supply chain



# Our purpose

To help create the joy of truly feeling at home,  
now and for generations to come



# Harnessing exclusive design

A unique design process

**Specialist knowledge**, informed by social trends, fashion and customer behaviour

Supplier expertise and innovation

**Partnerships** facilitate enhanced category development

Central colour palette

**True coordination** across the breadth of our offer, at all price points



# Offering choice and value

Good

c.25% of range

Better quality  
Equivalent choice



Taylor dining chair

Better

c.55% of range

Equivalent quality  
Better choice



Bude dining chair

Best

c.20% of range

Equivalent quality  
Equivalent choice



Lucilla dining chair

# Increasing sustainable choices

## Conscious Choice

Own-brand product, made from **more sustainable materials**, currently c.15% of own-brand range



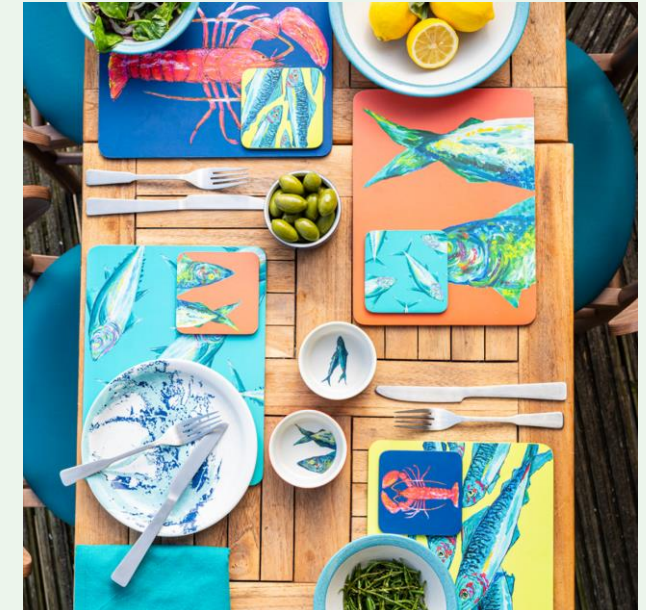
## Natural History Museum

Three years of partnership, using **innovation** to communicate a deeper purpose

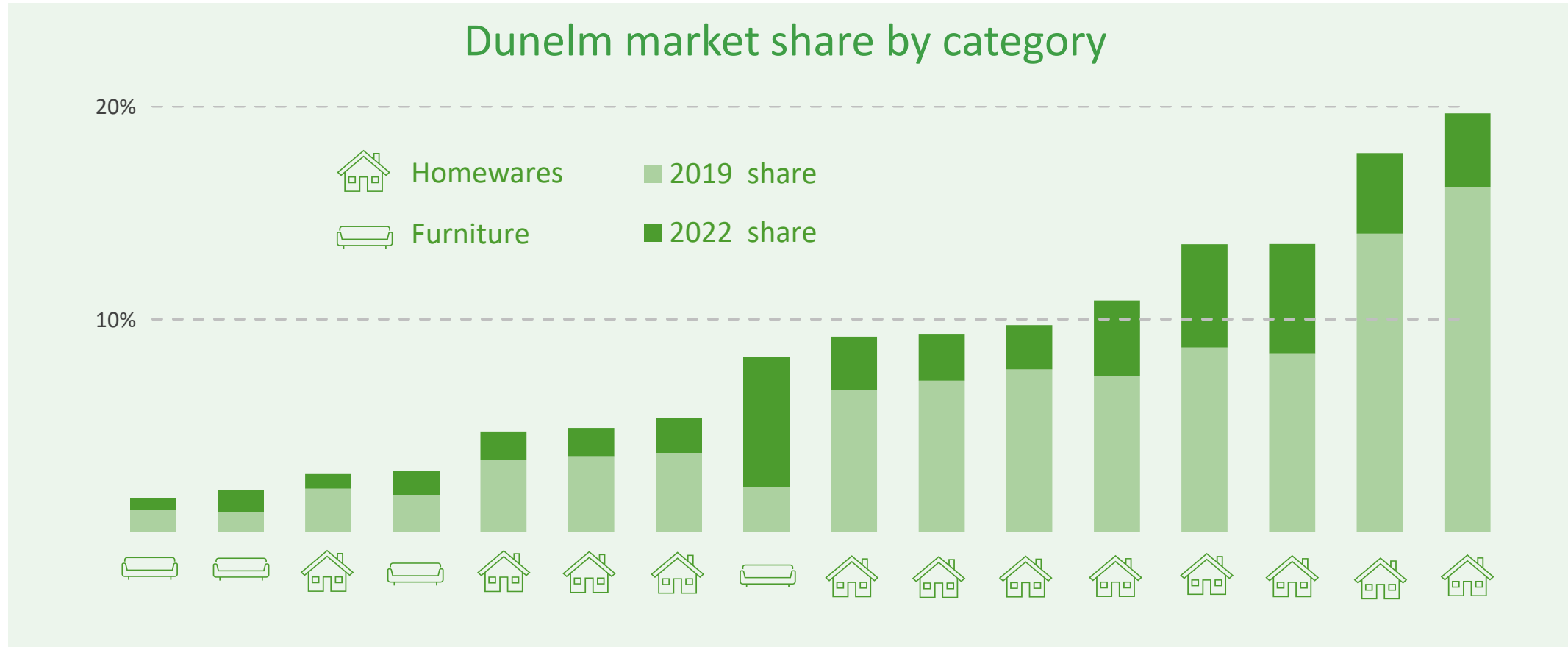


## Rockfish

**Latest collaboration**, raising awareness of sustainable fishing and food practices



# Extending our product mastery



Combined homewares and furniture market: c.£24bn  
Dunelm market share: c.7%

Each bar represents a Dunelm homewares or furniture category which in total represent c.80% of total sales, mapped to GlobalData market sizes for calendar years 2019 and 2022. Excludes certain categories which are not part of the GlobalData homewares and furniture markets e.g. rugs and Pausa sales. The furniture market excludes kitchen and bathroom furniture. Excludes a category where we have withdrawn space.



# Who you will meet



Debbie Drake  
Design



Emma Anthony  
Design



John Tranter  
Kitchen



Jen Foster  
Furniture



Alisha Masterson  
Textiles



Kate Clissold  
Soft furniture and kids

# SS24 product showcase

Oxo Tower



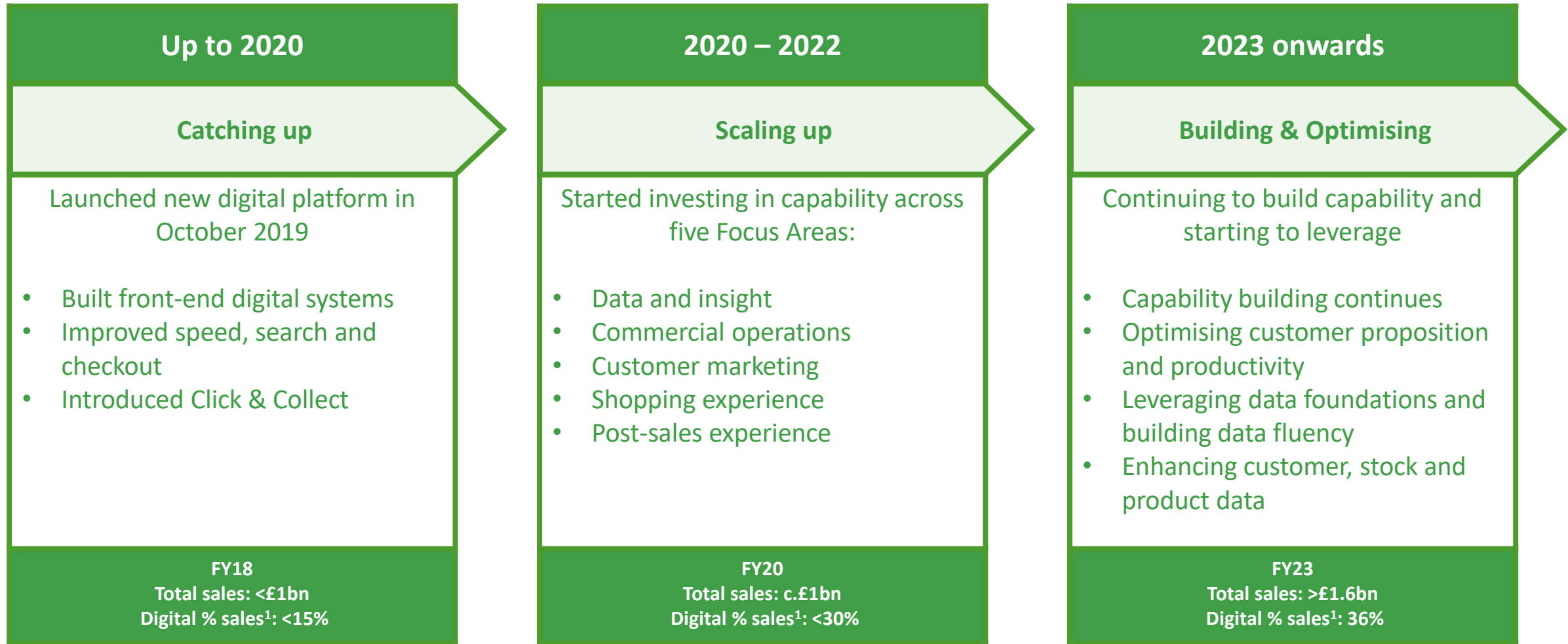
# Building and optimising

John Gahagan – Technology



*Digital  
capabilities*

# Digital capability building



<sup>1</sup> In FY18, digital sales included home delivery and Reserve and Collect. In FY20 and FY23, digital sales included home delivery, Click & Collect and tablet-based sales in store



# Digitalising our total retail system

## ACHIEVED IN LAST 6 MONTHS

## IN FOCUS FOR NEXT 12 MONTHS

### BUILDING AND OPTIMISING

Capability building continues

Optimising customer proposition & productivity

Leveraging data foundations & building data fluency

Enhancing customer, stock & product data

### HIGHER CUSTOMER 'PERFECT ORDER' RATES

shorter lead times, fewer split deliveries & better comms

### MORE CONVENIENT STORE LOCATIONS

flexing space requirements & optimum range

### CONVENIENT PAYMENT OPTIONS

with Klarna

### BETTER PRODUCT INFORMATION & OPERATIONS

begun rollout of new master data management tools

### AUTOMATED CUSTOMER CONTACT HANDLING

with ChatBot & self serve contact resolution

### PERSONALISED CONTENT

in customer emails

### IMPROVE SITE EXPERIENCE

new search tools, 'my account' development, faster site architecture, furniture delivery options

### EXPAND PRODUCT OFFER

with increased range on dunelm.com, new Made to Measure categories

### CONVENIENT PAYMENT OPTIONS

with long term credit, multichannel gift cards, enhanced voucher & promotional capability

### IMPROVE AVAILABILITY, REDUCE WORKLOAD

with new automated forecasting and replenishment tools

### MORE EFFECTIVE STOCK MANAGEMENT

increased warehouse efficiency, improved availability

### MORE PERSONALISED CUSTOMER MARKETING

with relevant products, content & site experience

# Who you will meet



Will Parkinson  
User experience (UX)



Tom Booth  
Platform



Paul Kerrison  
Engineering and architecture



Kate Williams  
Commercial development



Julia Middleton  
Delivery



Gill Rutherford  
Cyber security

# Enhancing the customer experience

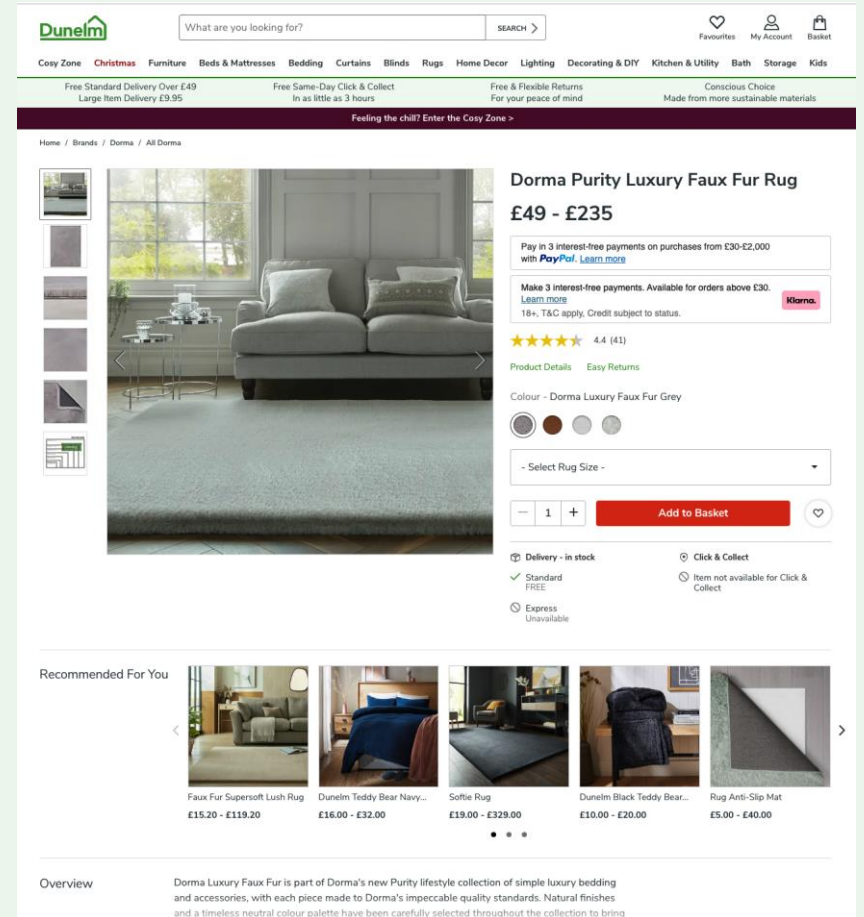
Will Parkinson – User experience (UX)



*Digital capabilities*

# Vision for the digital customer experience

Build a **seamless, unified & unique digital experience** that allows us to showcase our product **range** and **relevance** across our **total retail system**



# Enabling improvements - 3 capabilities

## Micro frontends

Breaking up our website into smaller, more manageable independent pieces

- **Now:** Developing new product detail pages
- **Next:** Expand to include product listing, basket, checkout and content

## Design system

Creating consistent components and a common visual design language

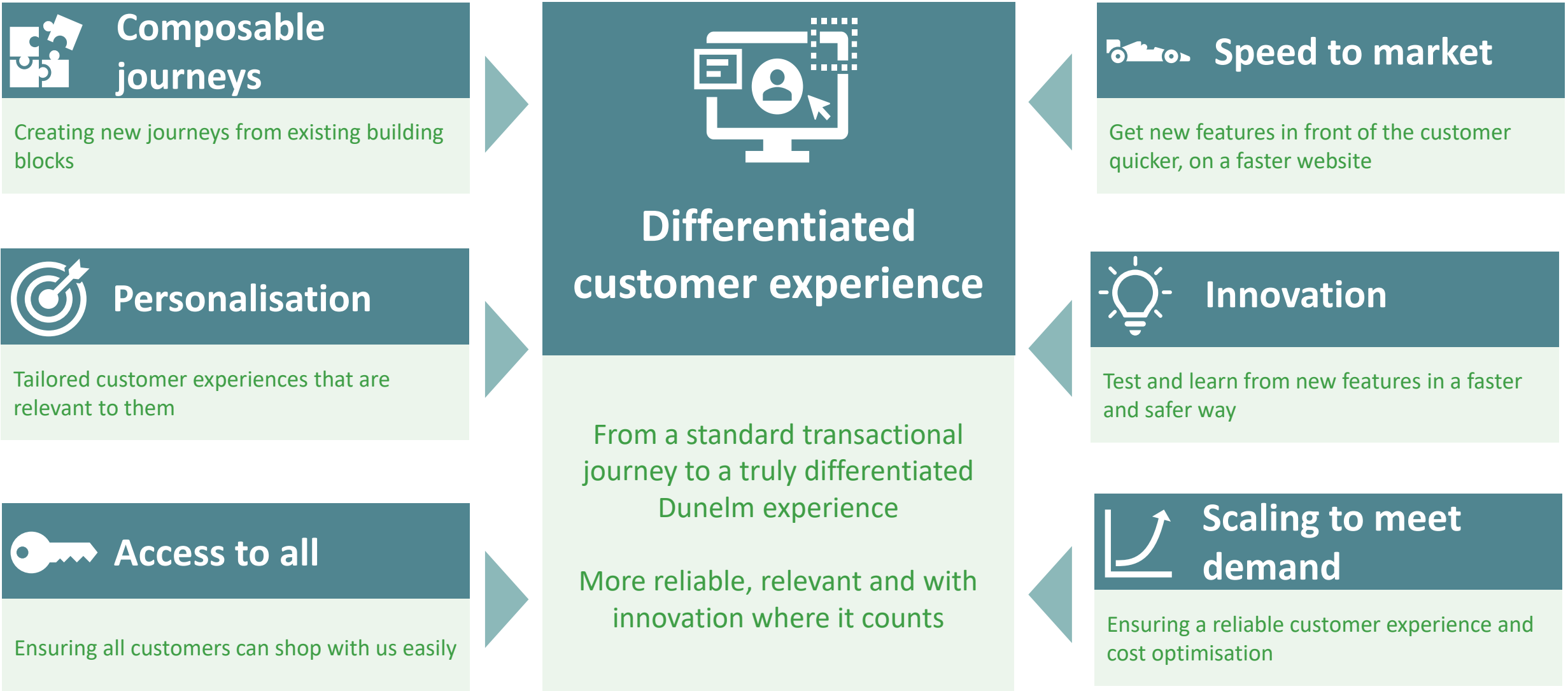
- **Now:** Building shared, consistently styled components
- **Next:** Develop a modern and accessible site-wide theme

## Experimentation

Improving experience by learning from the customer journey

- **Now:** Running product search experiments
- **Next:** Conduct deeper experiments on availability, page layout, pricing and fulfilment options

# Building a differentiated experience



# Enabling efficiency through tech integration

Tom Booth - Platform



*Digital  
capabilities*

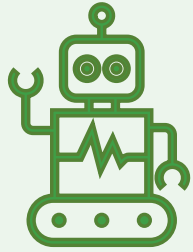
# Vision for a digitalised total retail system

**Develop** our **total retail system** and operational efficiency through the **seamless integration** of **specialist third party** solutions within our digital ecosystem





# Tech integration – our approach



## Specialist third party solutions

Implementing best of breed third party cloud solutions for specialist capabilities



## Bespoke solutions

Creating bespoke solutions to complement third party offerings



## Real time integrations

Developing real time, event driven, integrations that seamlessly connect our digital ecosystem

Underpinned by our cloud and data platforms

# Scaling our commercial operations



## Product master data management

Enabling increased range size with accurate, efficient data capture



## Supplier portal

Simplifying and improving supplier collaboration



## Demand forecasting

Advancing demand forecasting across channels with machine learning



## Powering product mastery

From a traditional product lifecycle journey to an automated, efficient operation that powers product mastery

Selling the right product, in the right place, at the right time, with improved collaboration



## Automated replenishment

Optimising replenishment processes to maximise product availability



## End-to-end planning

Enabling tailored ranging and improved range curation and department planning



## Robust foundations

Leveraging our data platform for insight and cloud capabilities for scalability

# Building and optimising

John Gahagan – Technology



*Digital  
capabilities*

# Evolving our marketing ecosystem

Terri Westlake – Customer, digital and marketing



*Digital  
capabilities*

# Our marketing ecosystem journey

- We have been building our data and analytics capability since 2020
- Over that time we have shared third party data on customer growth and frequency, and we will continue to do this
- You will see examples today of how we are starting to leverage our first party data to improve marketing effectiveness
- This work brings many opportunities:
  - To better tailor our offer
  - To optimise our marketing as efficiently as possible
  - To target and acquire more valuable new customers
  - To grow the frequency of existing customers



# Who you will meet



Jeff Howarth  
Data engineering



Helen Mecham  
Performance marketing



Sarah Jewkes  
Insight and analytics



Ross Feakes  
Personalisation



James Gardener  
Digital trading

# Harnessing data and analytics

Sarah Jewkes – Insight and analytics



*Digital capabilities*

# Growing data and analytics capabilities

## Capability building: Data

- Data engineering now comprises 50 specialists
- Data availability improved following consolidation
- Tech stack and partnerships in place



## Capability building: Insight & Analytics

- Expanded from c.15 to c.45 people in the last 2 years
- Blending customer research and data insight
- Data mindset now instilled across the business





# Building an enhanced customer data platform



## ~5+ Years' Combined Sales

providing a detailed view of our customers' purchases and returns, with Adyen PSP further improving matching across channels



## Customer

profiles matched and identified across 5 years of combined store and online transactions enabling us to identify customer behaviour across all our channels



## Customer Feedback

identifying our customers' opinion of our brand and their experience as a Dunelm customer



## Digital Customer Journey

allowing us to view our customers' digital journeys from initial search to product selection and purchase



## Customer Delivery and Click & Collect

providing details of delivery success/failure, delivery timeline and resultant customer satisfaction



## Marketing Engagement

allowing us to see when a customer clicks on a marketing email and when that click results in a sale



## Customer Demographics

providing deep insight into our customer population including income, education, employment and gender



## Customer Service Interaction

data including customer complaints, support and warranty requests and general queries

# Using data to test marketing effectiveness

- We are taking a much more sophisticated approach to better inform our marketing spend
  - Understanding incremental returns across brand and performance marketing
  - Pausing spend in geographical regions to measure impact
  - Measuring multi-channel benefit to sales of marketing strategies
- Recent application:
  - FY23 TV advertising testing and ROI has given confidence for increased spend for FY24 campaign
  - Now optimising the mix of marketing activity within brand, including door drops and out of home activity



# Optimising performance marketing

## Profit-driven approach to performance marketing

- Testing has proven impact of online marketing spend on store sales
- Continuing to develop profit-based approach to bidding
- Improved understanding of true marketing channel return on investment

## Category and customer understanding

- Adjusting approach based on learnings from different categories and customer groups
- Facilitates further in-channel optimisation
- Driving efficient customer acquisition

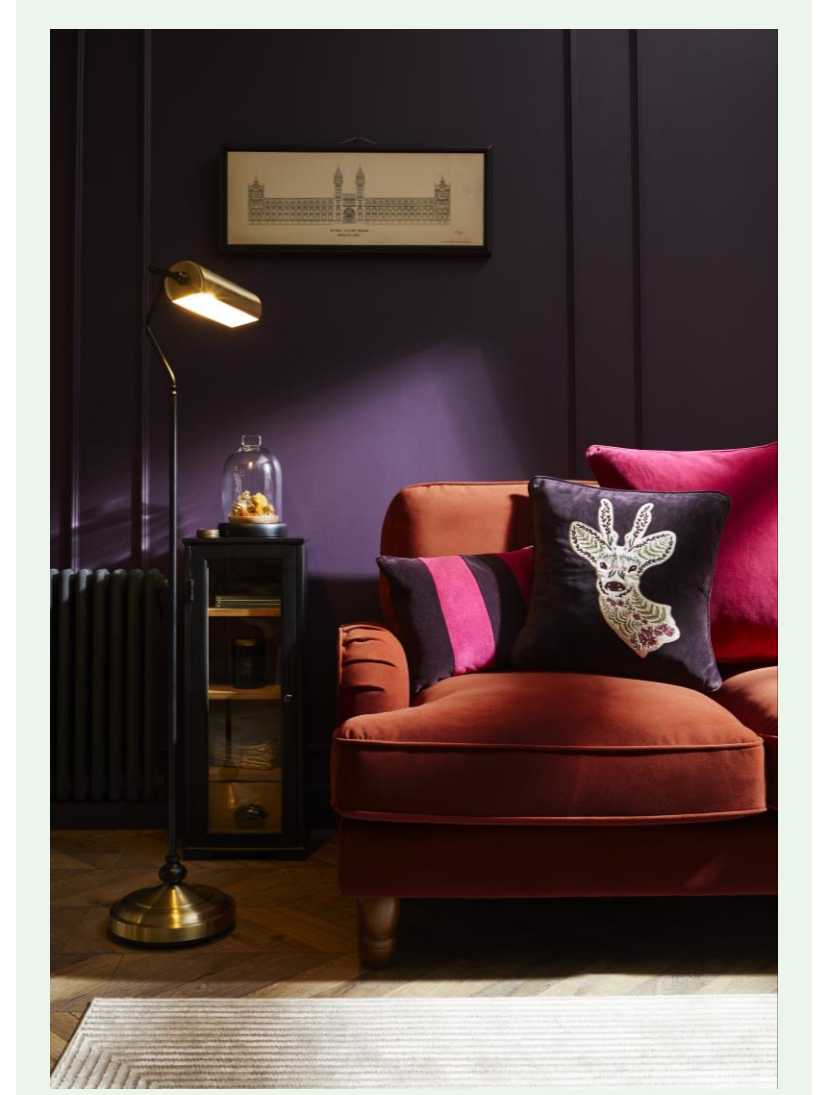
## Driving engaged sessions

- Unique approach to engaged sessions when customers:
  - View / add to basket
  - Perform on-site search
  - View four or more pages
  - Stay on the site for > 60 seconds
- Enables deep understanding of traffic quality and site performance

# Future opportunities

Improving ROI and customer experience by:

- Allocating mix of spend between marketing channels
- Optimising activity within marketing channels
- Ensuring our communications are relevant and appealing to core customer groups



# Building personalisation

Helen Mecham – Performance marketing



*Digital  
capabilities*

# What do we mean by personalisation?

Delivering content and experiences that feel specific and relevant to customers, based on their interactions with our brand



# What we have done

## On-site personalised recommendations

- Visible on product pages
- Significant improvement in session conversion rate (>1%)
- Increase in average order value (+c.2%)

Recommended For You



Blue Lava Lamp  
£15.00

Dunelm Teddy Bear Navy...  
£16.00 - £32.00

Rainbow Lava Lamp  
£12.00

Recommended For You



Set of 3 Winter Robin Cake...  
£12.00

Silicone Deep Spoon  
£3.00 - £4.00

Traditional Christmas...  
£3.00

## Abandon basket / browse emails

- Revenue increase of >£4m p.a.
- Now improving layout and imagery to increase click-through rate



You added to your basket but left it behind. Not to worry, we made a note of what you liked so you can complete your order.

Items

Essentials Free Standing Mirror, 123x32cm	£22.00
Ashton Room Darkening Extendable Eyelet Curtain Pole 25/28mm	£50.00

TAKE ANOTHER LOOK >

## Products in your local store

- Reaches >2m customers when deployed with broadcast campaigns
- Increase in C&C orders

### While supplies last

Here for now but not for long - grab 'em while you can!



# What we are doing

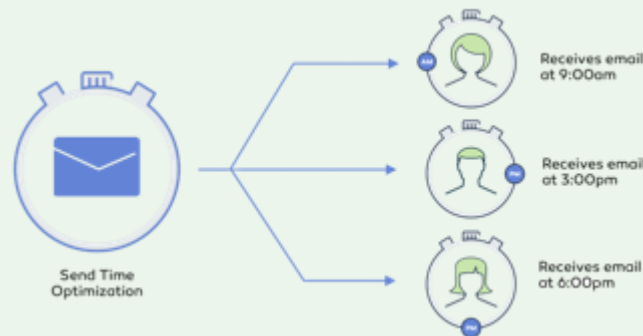
## Building propensity model

- Targeting low-propensity customers with offers to incentivise purchase
- Initial results suggest meaningful revenue uplift



## Send time optimisation

- Applied to our newsletter campaigns
- Improved open and click-through rates, with +c.7% revenue per send



## Early access for best customers

- Initial tests showed strong engagement
- Continuing to test best messaging and incentives





# What we are going to do

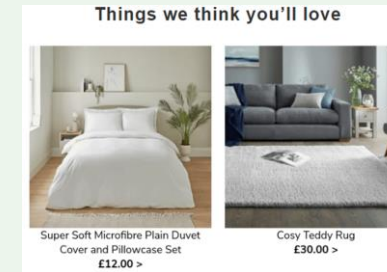
## Intelligent use of data and machine learning models

Predictive behaviour modelling and customer segmentation will drive smarter recommendations and better customer engagement



## Scaling personalised emails

- More personalised elements within newsletter and lifecycle emails
- Scaling up production of targeted newsletters
- Expected to improve open rates, click-through rate and frequency



## Increasing depth of personalisation

- Personalised till or e-receipt vouchers for store customers
- Expected to increase repeat purchases and average order value



# Evolving our marketing ecosystem

Terri Westlake – Customer, digital and marketing



*Digital  
capabilities*

# Close and Q&A

Karen Witts – CFO



# Closing comments

- We drive sustainable growth through rigorous, long term focussed investment
- **In product** – we focus on the design process, choice and value
- **In technology** – we build capabilities on solid foundations that are fast, efficient, scalable and differentiated
- **In marketing** – we harness data and analytics to inform targeted spend that is increasingly personalising customers' interaction with our brand
- Operational grip remains central to the way we work
- The runway for growth is long and attractive





