

IKEA Australia

IKEA delivers more personalized and targeted marketing to loyalty program members, increasing spend per customer and achieving greater return on investment (ROI)

IKEA is world renowned for producing well-designed, functional, and high-quality home furnishings, along with their signature Swedish meatballs. *IKEA* Family, their B2C loyalty program, is a key part of their customer experience strategy which aims to build loyalty and engagement by personalizing communication with their millions of *IKEA* Family members in Australia.



Situation

The *IKEA* Family loyalty program's objective is to create more personalized and meaningful long-term relationships to positively impact customer lifetime value and ROI.

Through research and customer survey results, *IKEA* realized that tailored messaging and offerings results in consistent brand engagement and increased customer spending. *IKEA* was on a mission to enrich their client intel to better understand and target their loyalty members, or *IKEA* Family members.

IKEA believed that the best way to get to know their members was through data enrichment. This would help the team market relevant promotions, products, and position home furnishings that best suited members' needs.

To achieve this level of insight, *IKEA* first needed to ensure they had accurate member data, specifically postal customer addresses. This would allow them to adequately match households to Experian's Mosaic; enriched datasets that include a detailed and granular view of the socio-demographic profile of the Australian population.

“We work with Experian in many different ways. From what we saw, **there wasn't any other supplier that can give us the same level of match rates.**”

- Kirsten Hasler, Country Marketing Manager at *IKEA* Australia





Challenge

To properly match a member to the enriched dataset, *IKEA* needed verified mailing addresses, a critical component of the matching process.

However, manually entered addresses and an inferior data validation solution posed a risk of typing errors, incomplete data, or erroneously formatted addresses. In turn, not only did this result in a lack of reachability of *IKEA*'s members, but the company encountered difficulties augmenting their data as they could not achieve a match rate higher than 83%.



Solution

Experian's Address Validation was the perfect starting point to ensure correct data at the point of entry. With accurate addresses, *IKEA* could then enrich their existing member data with Delivery Point Identifier Data (DPID) and Experian's Mosaic data.

Experian's real-time address validation and DPID-verified addresses improved the Mosaic match rates enabling *IKEA* to understand the household demographics of their customers quickly and efficiently, enabling more personalized communication.

An added value to Experian's Address Validation is the ability to streamline the sign-up process. This solution significantly reduces keystrokes enabling the client to effortlessly enter their contact information and avoiding the risk of error, credited to predictive search and fuzzy matching. As a result, the address saved is well-formatted, saving time and costs associated with database cleansing.

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We were surprised with the high-quality output when we tested 200,000 records with Experian and **95% came back as validated addresses.**”

- Kirsten Hasler, Country Marketing Manager at *IKEA* Australia





Results

Since introducing Experian's real-time address validation solution, *IKEA* Australia has significantly improved the accuracy and completeness of the addresses captured. This has allowed for greater matching of household attributes, empowering *IKEA* to deliver more personalized marketing and, in turn, higher customer spending and better ROI.

***IKEA* Family has been able to:**

● **Improve their data quality match rate by 12%**, going from 83% using a competitor's solutions, to 95% with Experian.

● **Send more targeted communications**, with an increased spend of 7% annually for [Experian Mosaic](#) assigned members*.

● Streamline well-formed validated address data into the database, **reducing the risk of bad data entering the CRM.**

● These improvements have led *IKEA* to **increase outreach with personalized communication to a customer base** of millions of members in Australia.



What's next?

An exciting change is coming to the *IKEA* Family loyalty club in 2023, and *IKEA* Australia has been chosen as the first market globally to roll this out. This transformation will not be a typical points rewards program. Instead, *IKEA* Family will focus on engagement, and giving *IKEA* Family members more choice in the rewards they choose.

IKEA is also planning to undergo an Experian data cleanse to clean the historical address data of their existing customer database, ensuring the best possible ROI on future marketing campaigns.



* [Experian Mosaic](#) assigned members spend 7% more than non-Mosaic assigned members annually.