DFS CAPITAL MARKETS DAY
Data Breakout Session
MARCH 2022

IRIS

dfs   dwell   sofology
Feel at home on a sofa you love
THE SOFA DELIVERY Co

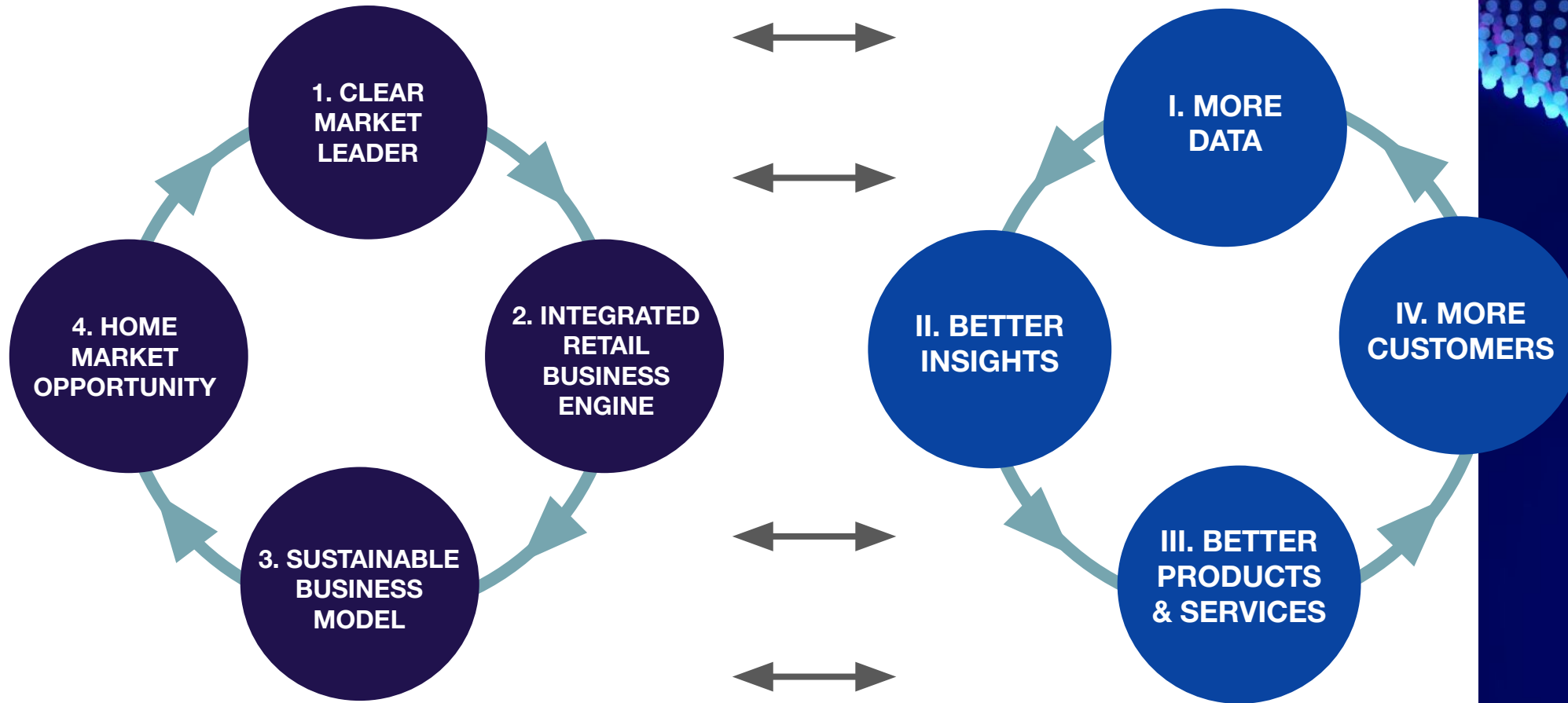# Data Breakout

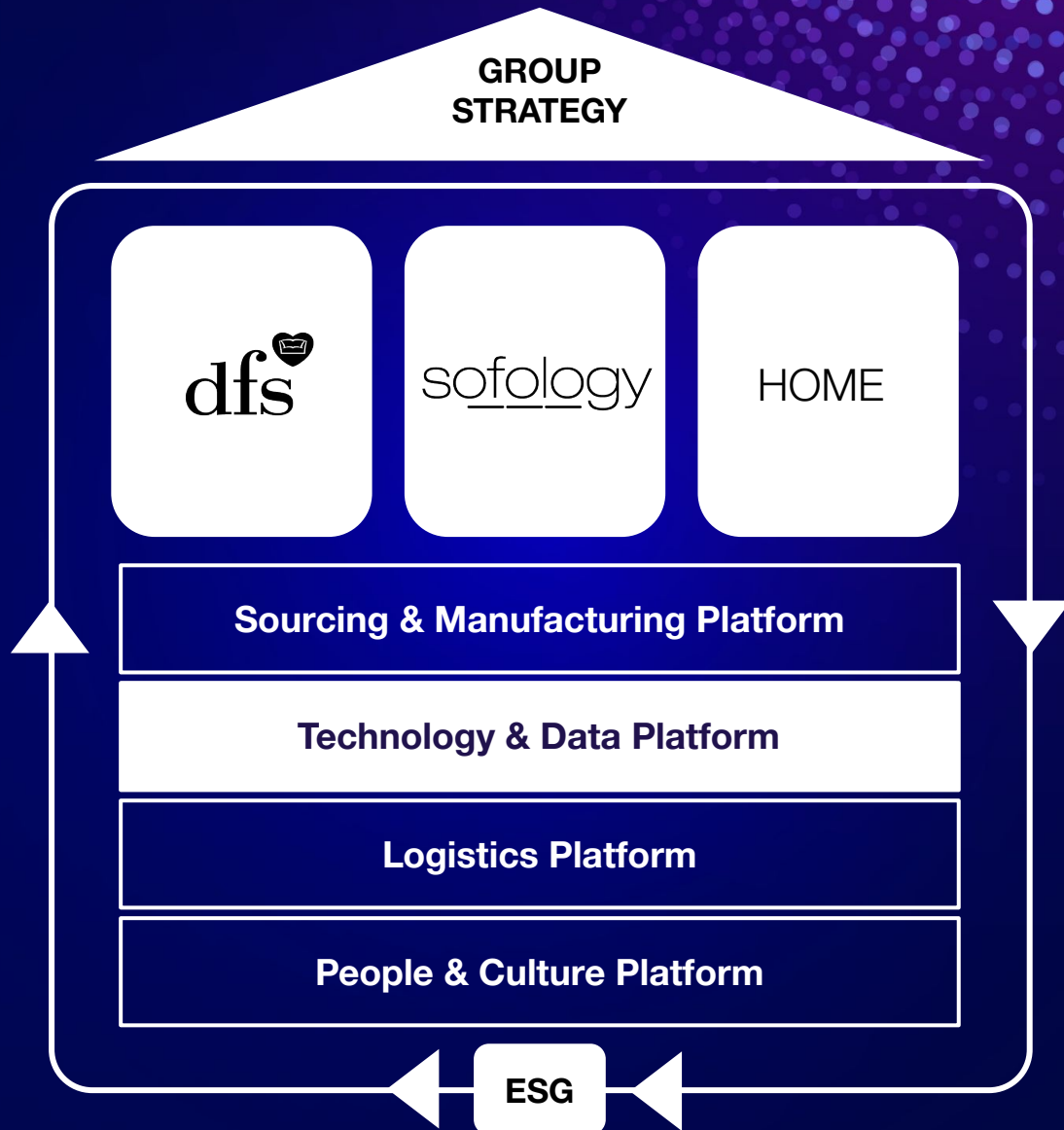| THE WHY	Rationale & Ambition
THE WHAT	Approach & Solutions
THE HOW	Team & Plan

Overarching ambition

1. Unlock growth for our brands

2. Drive operational efficiencies

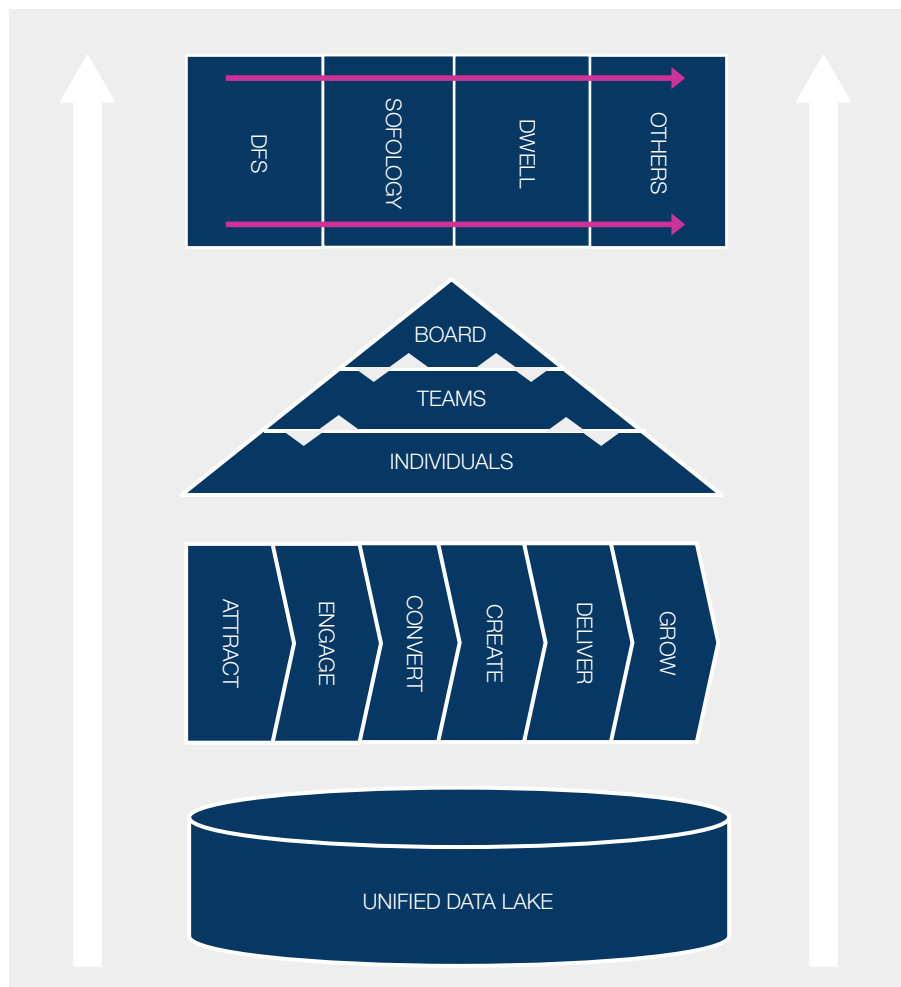3. Potential, future value creation

Introducing

IRIS

INTEGRATED
RETAIL
INTELLIGENCE
SOLUTIONS

Journey to date...

4. TRANSFORM & GROW
We are now leveraging IRIS to unlock growth across the Group

3. ENABLE & EMPOWER
We have applications which now empower the entire organisation to use data and insights to drive change

2. SIMPLIFY & VISUALISE
Across the Purchase Cycle, we have been building powerful specific and combined solutions for the business

1. UNIFY & ENABLE
We are delivering a single, unified & trusted view for the organisation

Introducing IRIS

- A holistic, data driven approach putting the customer at the heart of the Group

- Integration of 35+ data sources to provide a 360 view of the group

- Best-in-class cloud based solutions with AI and Machine Learning decisioning and process automation

- Trusted and timely data driven business insights

- Prioritised action plan for data work based on speed of execution and business impact

- Solutions and services in place delivering gains across every element of the customer purchase cycle

Data Breakout

THE WHY	Rationale & Ambition
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Attract

Growth Engine

Machine learning models create 360 customer view of the market at a hyper-local level.

By combining datasets we can define catchment area market share and the customer headroom opportunity (including potential for cannibalisation).

Engine constantly augmented with enhanced data to improve our modelling and drive additional performance.

Engage

Workforce Optimisation

Since 2020, with Satalia we have built our workforce optimisation solution across the DFS retail estate.

A fully integrated solution uses footfall predictions and workforce data to produce hourly store forecasts for colleague schedules 10 weeks in advance.

This is flexed according to our promotional calendar and in response to market changes, whilst still ensuring fairness of opportunity for sales commission.

Long-term marketing effectiveness & ROI

Delivered 31% increase in sales between 2018-21 whilst reducing overall spend by 25%

Sales
31%↑

Spend
25%↓

On-going digital transformation

Significant shift to digital marketing based on econometric modelling

Digital marketing spend
(as % of total spend)

2019
18%

2022
39%

Digital marketing effectiveness

Search marketing H1 FY20 to H1 FY22

48%↑ ROI

Increased conversion

Pilot area traded ahead of the rest of the LFL estate

9%

Winter Sales FY21 v FY19

Footfall prediction

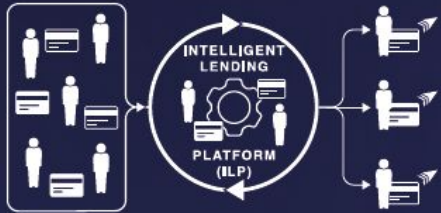Hourly prediction forecast accuracy is 77% 10 weeks in advance

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Automated colleague scheduling

Time to produce 10 weeks of predictions across retail estate: 1 hour

Convert

Intelligent Lending Platform

The new ILP combines multiple lending providers to offer our customers a single DFS experience when applying for credit.

ILP has been designed to significantly reduce transaction times at checkout and transform customer experience.

Increasing 'right first time' credit applications with soft search, improving efficiencies and providing a best-in-class experience.

Create

Insight-led Product Offer
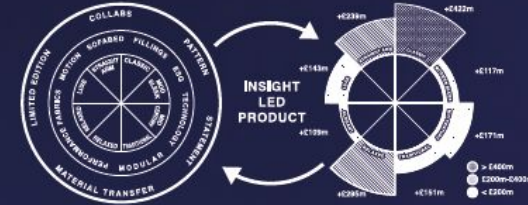
Strategic NPD driven by 'Super Style Wheel' insights and opportunities.

Data insights drive range selection and provide optimum range assortment in store to maximise profitability of space.

Connecting product growth spaces and priority customer segments help drive the product strategy & grow market share.

Serving more customers

Instore transaction time reduced by 15 minutes enabling colleagues to serve more customers

Increased conversion

Conversion levels have increased by 0.6% pts in trial stores compared to retail estate

Carbon footprint reduction

Print & postage of finance documents reduced by 95%

Brand development

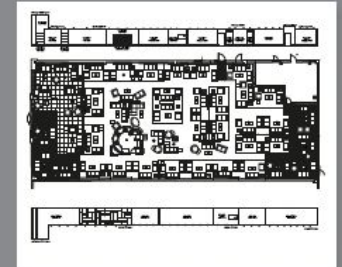Grand Designs improved Brand Consideration by 24% pts

Improved product upgrades

Opportunity identified for new added value product offers

+13% AOV improvement

hold · light · recline me · sleep · store · charge

Bay productivity improvement

Two thirds of stores saw improved space productivity compared to 2 years ago

Deliver

Logistics (Apollo)

Continuous optimisation of schedules can offer right slots to customers with certainty.

Deliveries are planned within the capacity of the schedule to maximise fleet, reduce volume of vehicles on the road and use of third parties.

Apollo uses advanced algorithms to automatically reoptimize delivery schedules every time a new delivery is booked.

Increased efficiency for our colleagues

Time to schedule our last mile fleet on a daily basis reduced to 3 minutes

Improved cost control & performance

Reduced unplanned overtime by 19% and increased employee satisfaction

Reduced environmental impact

Reduced fuel consumption by 18% and customer ability to select an optimal ECO slot

Grow

Customer data platform (CDP)

Mapped entire end-to-end customer purchase cycle, from initial interaction, through to transaction to delivery experience.

Used customer behavioural and attitudinal data to personalise content on a individual basis, at scale.

Targeting key lifestage moments, driving higher engagement, conversion and increasing lifetime value.

Increasing sales & conversion

Personalised email & digital comms programmes to new and existing customers

Email revenue

44% ↑

Online revenue

14% ↑

Improved targeting of customers

We reach more in-market customers than any competitor (c60% vs 30% LY)

Building cross category sales

4x increase in Home product conversion following a sofa purchase

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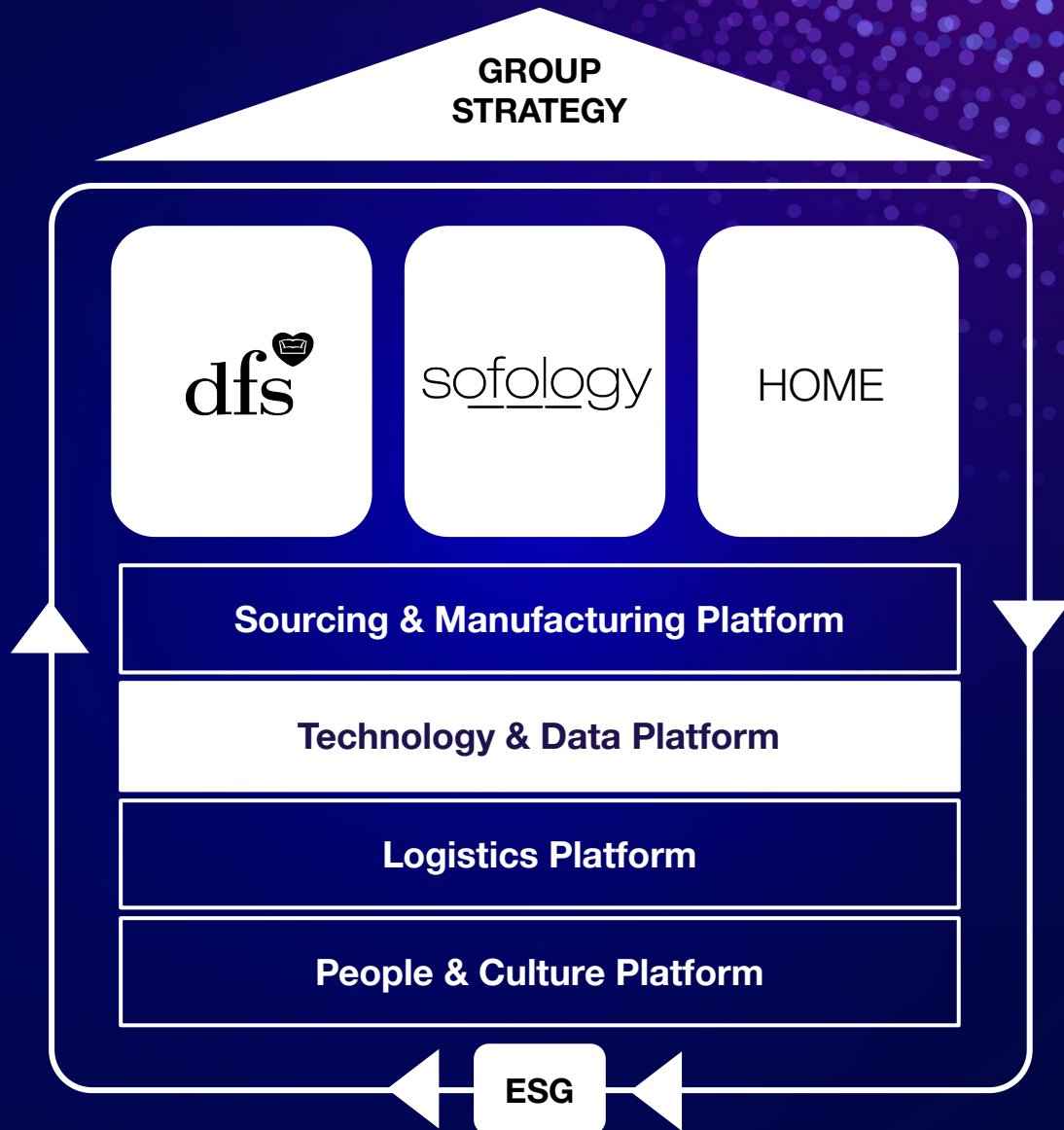|	
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Team + Best-in-class partners

Beyond Analysis

- DFS together with lead insight partner Beyond Analysis are launching IRIS.

- IRIS will continue the work that DFS have done to date to build data and insight specialist skills, capabilities, and products.

- IRIS will roll out those skills, capabilities and products out to DFS Group businesses.

- IRIS will use the case studies from the implementation of our work at DFS to sell what we have produced to non-competing retailers in the UK and overseas.

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