

Insight drives incremental sales by 18%

Our insight team at Ikano Bank provided intelligent solutions for our mutual clients. Ikano Bank works with a wide range of high street names offering credit services.

Intelligent interest-free-credit initiative

Challenged to prove to a furniture retailer that the cost of finance is outweighed by the rise in incremental sales, Ikano Bank recommended that the retailer offered Interest-Free-Credit as part of their sales process within a test region.

Our research shows that finance availability has a significant impact on customer purchasing decision and spend behaviour, with over 70% of the customers we surveyed saying that they planned to use finance.

By using a test region, we intended to show that an increase in credit penetration would not result in a negative margin. The test region was contained to help strip out other influencing factors. For the control, a sister store approach was adopted, and borne out of proximity to competition, store size, year-on-year sales, and catchment customer profile. Interest Free Credit was not offered in these control stores. The trial was held over a 16 week period and was supported by in-store POS and local marketing. Ikano Bank provided analytical, operational, and consultancy support throughout the trial.

Success!

Resulting in an 8% increase in penetration; an 18% rise in incremental sales and a 15% overall increase in profit margin, the trial was a great success! The volume of both new and converted customers also increased by 55%. The success of the trial was enough to convince our retail partner that increased credit penetration results in increased margin. The retail partner now operates at higher credit penetration across their business thanks to the intelligent, intuitive insight provided by Ikano Bank.