

 **wayfair**.com

 **Joss
& Main**

**ALL⁺
MOD
ERN**

Dwell Studio

BIRCH LANE



 **wayfair**

Strategic Intelligence: Data-driven Business Growth

Liz Graham, VP Sales & Service

- Wayfair overview
- Why Maine?
- Data-driven growth
 - Advertising & repeat customer growth
 - Specialized sales, targeted marketing & site experience
 - International consumer preferences
- Future of e-commerce



Wayfair is one of the world's largest online destinations for home furnishings and décor, offering over 7 million products from more than 7,000 suppliers. Wayfair's unmatched selection across five distinct brands makes it easier than ever for shoppers to find exactly what they want for their homes—original looks across every style and budget. Delivering on style, inspiration, value, and superior customer service has made Wayfair the go-to destination for home!

Awards



Home Brands as Part of Wayfair Inc.



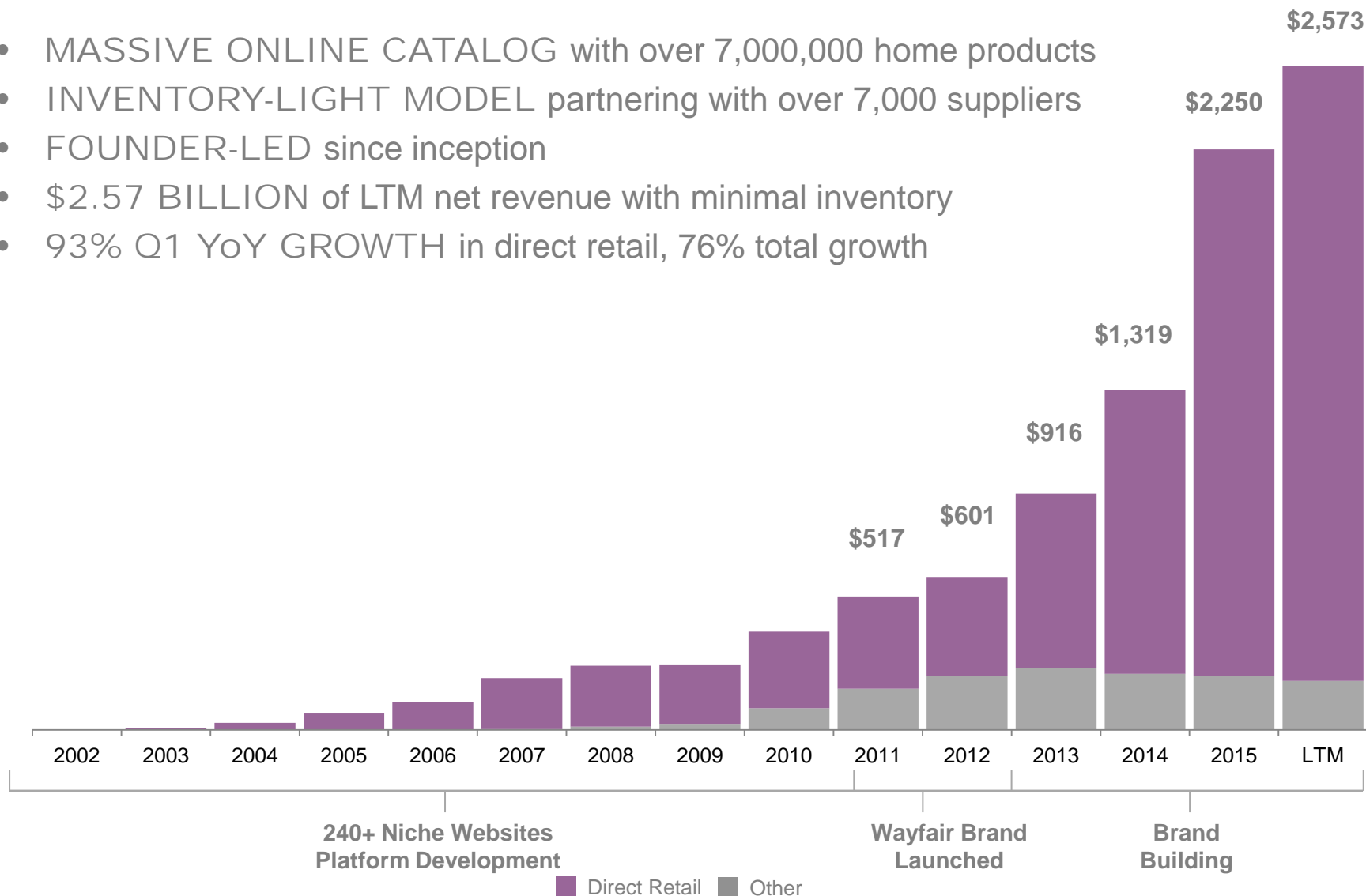
Wayfair, an online destination for all things home
Joss & Main, where beautiful style meets irresistible savings
AllModern, a go-to online source for modern design
DwellStudio, a design studio for eclectic modern furnishings
Birch Lane, a collection of classic furnishings and timeless home décor

- Launched in US in 2002
- Expanded to the UK 2008 and Germany in 2009
- Western Europe has a total addressable market size similar to that of the US of nearly \$250 billion.
- Launched Wayfair.ca in 2016
 - Already had strong base of Canadian customers shopping the US site since 2008
 - Canada has 11% of the US population, but only 5% of the US' total ecommerce sales. However, there is vastly less competition than in the US, and Canadians have high internet usage and disposable income, leading us to believe we may eventually take higher market share in Canada than in the US.
 - Wayfair.ca and Wayfair.co.uk are among our fastest growing business segments

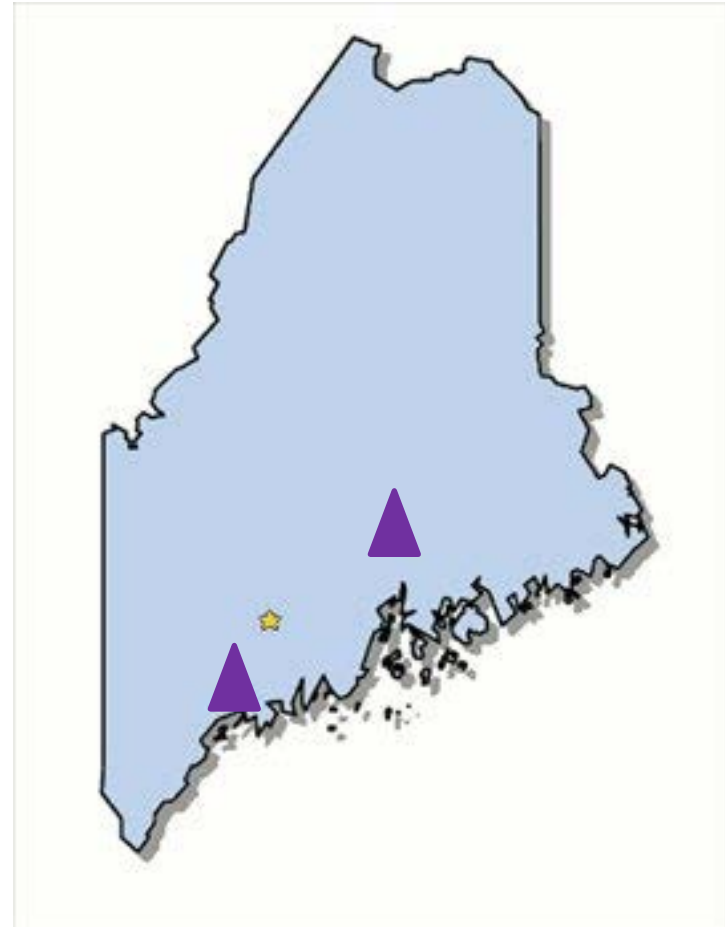
A Clear Online Leader in Home Goods



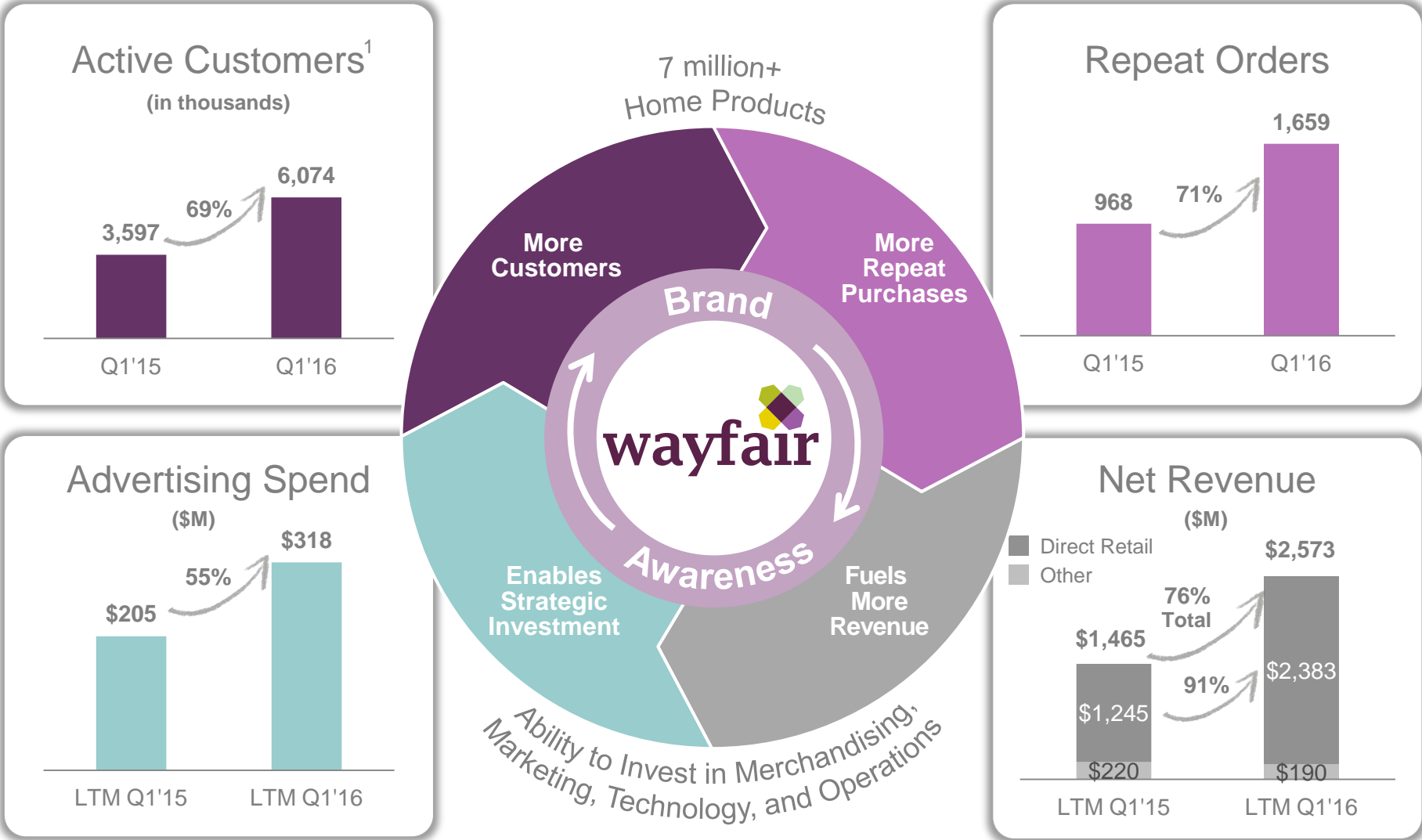
- MASSIVE ONLINE CATALOG with over 7,000,000 home products
- INVENTORY-LIGHT MODEL partnering with over 7,000 suppliers
- FOUNDER-LED since inception
- \$2.57 BILLION of LTM net revenue with minimal inventory
- 93% Q1 YoY GROWTH in direct retail, 76% total growth



- Important factors
 - Talent pool
 - Service mindset
 - College & university community
 - Employer of choice
- Our new Bangor and Brunswick locations will enable us to scale customer service and sales operations to keep pace with our rapidly growing customer base.
- Bangor – 450 customer service roles
 - Former LL Bean location
 - Opening mid- July
- Brunswick – 500 sales & supplier operations roles
 - Former Naval Air Station
 - Opening mid-June



Scale Drives Powerful Network Effects



¹ Defined as customers who have purchased at least once on our brands' sites during the preceding 12 month period.

Investing in Advertising across Multiple Channels

- Three broad advertising channels - Online, TV and Direct Mail
- Online is the largest channel followed by TV and Direct Mail
- Strict adherence to channel derived ROIs

Online

- Display
- Social
- Transactional



TV



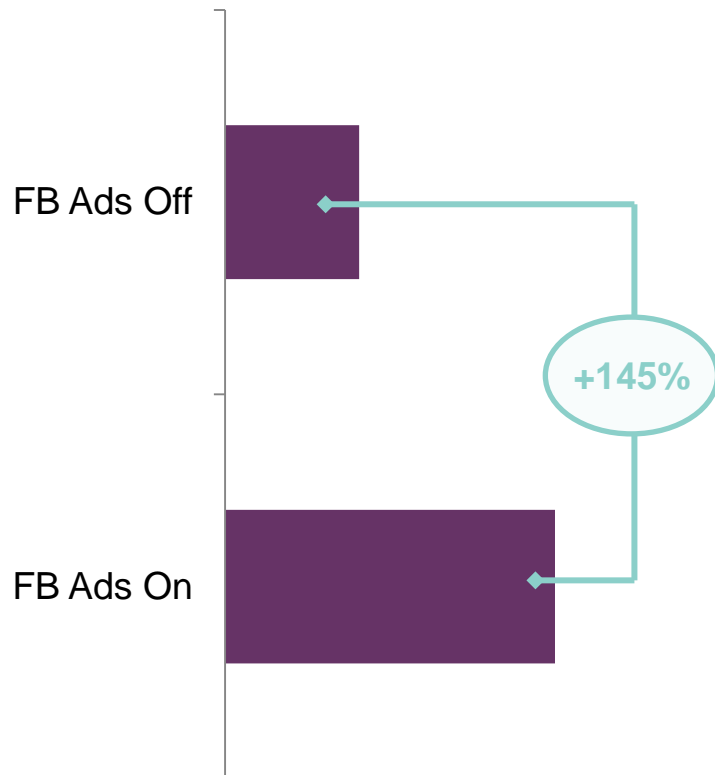
Direct Mail



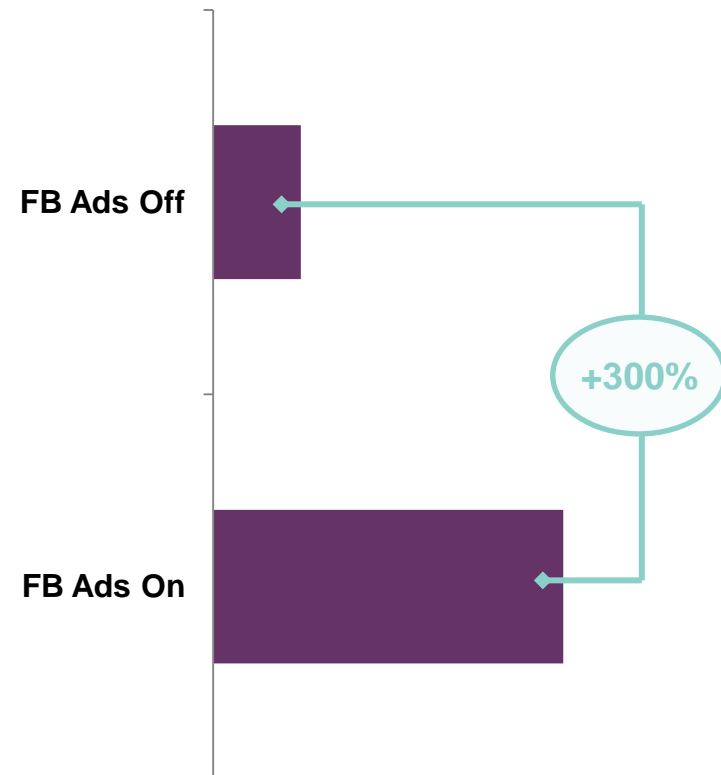
Paid Ads Supercharge Organic Efforts on Facebook

When Wayfair paid ads are running, we see a significant increase in the Wayfair profile page “Likes” and clicks to site from our FB brand page

Wayfair brand Page “Likes” / day

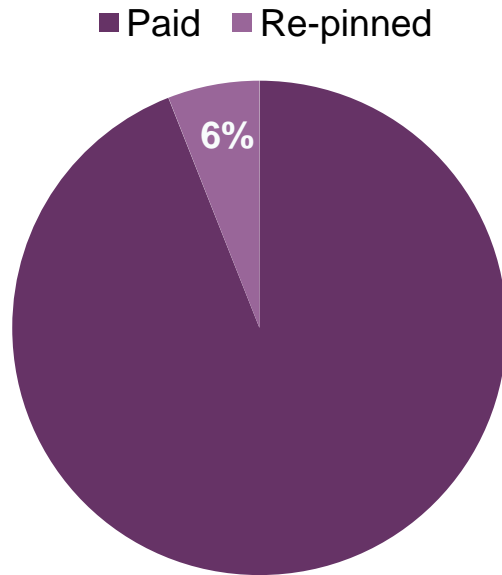


Wayfair brand page Clicks to site / day

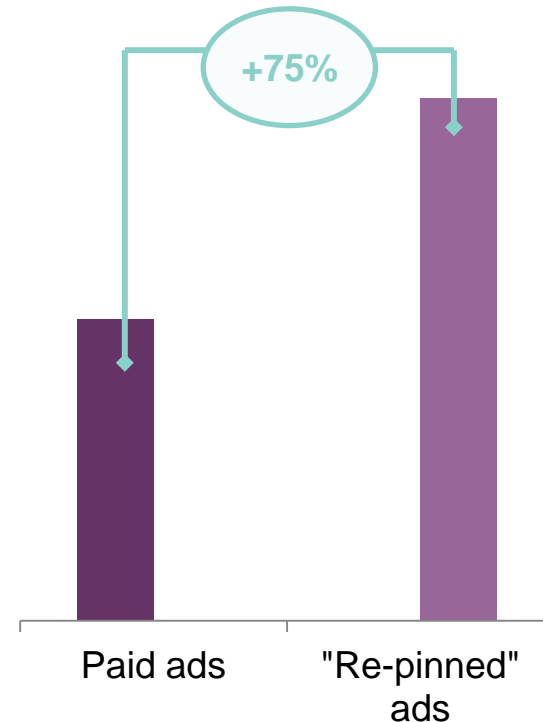


Pinterest Ads Get a Free Boost from Organic Activity

Total ad impressions from paid and “re-pinned” Pinterest ads

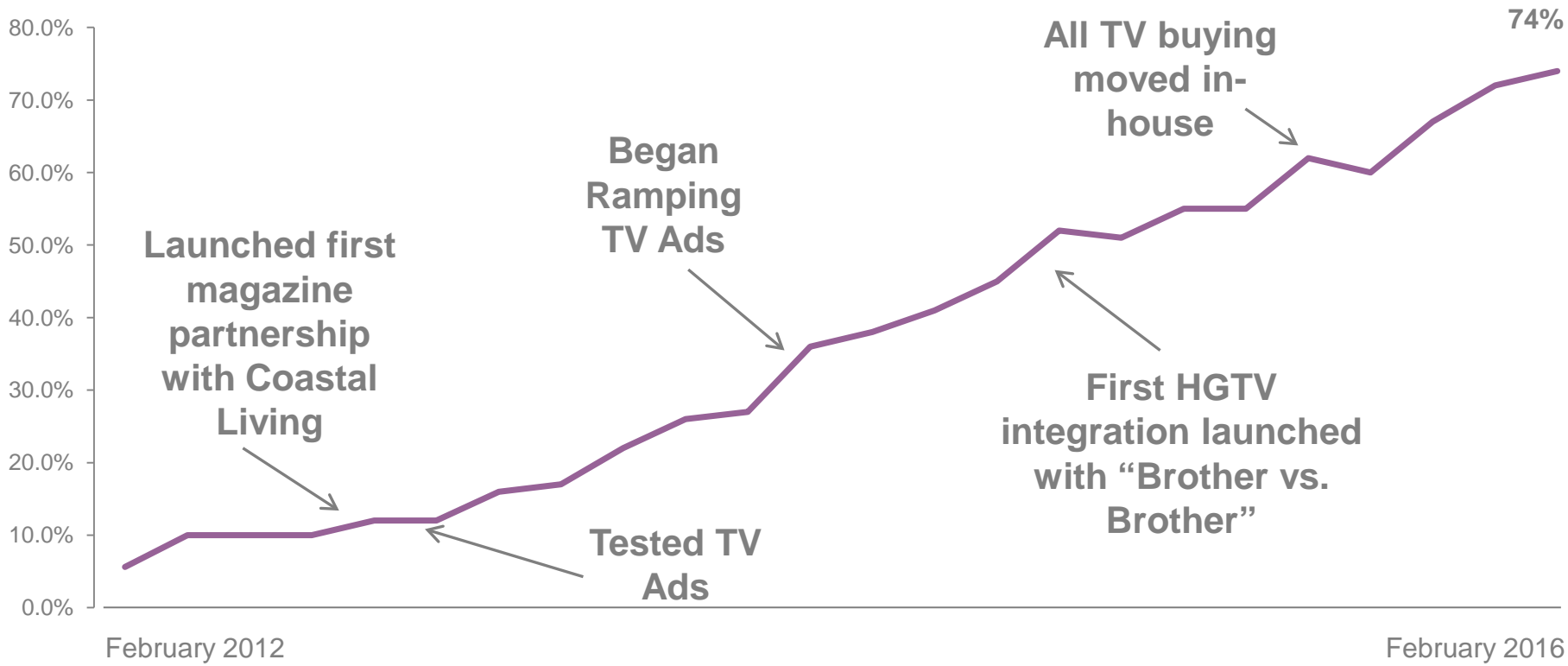


Click thru rate for paid ads and “re-pinned” Pinterest ads



Because of the native functionality of Pinterest, our ads receive “free” impressions when they are re-pinned. Moreover, these free impressions are even more effective than our paid ads with a 75% higher Click-Thru-Rate

Brand awareness has grown to 74% since Wayfair launch in 2011¹

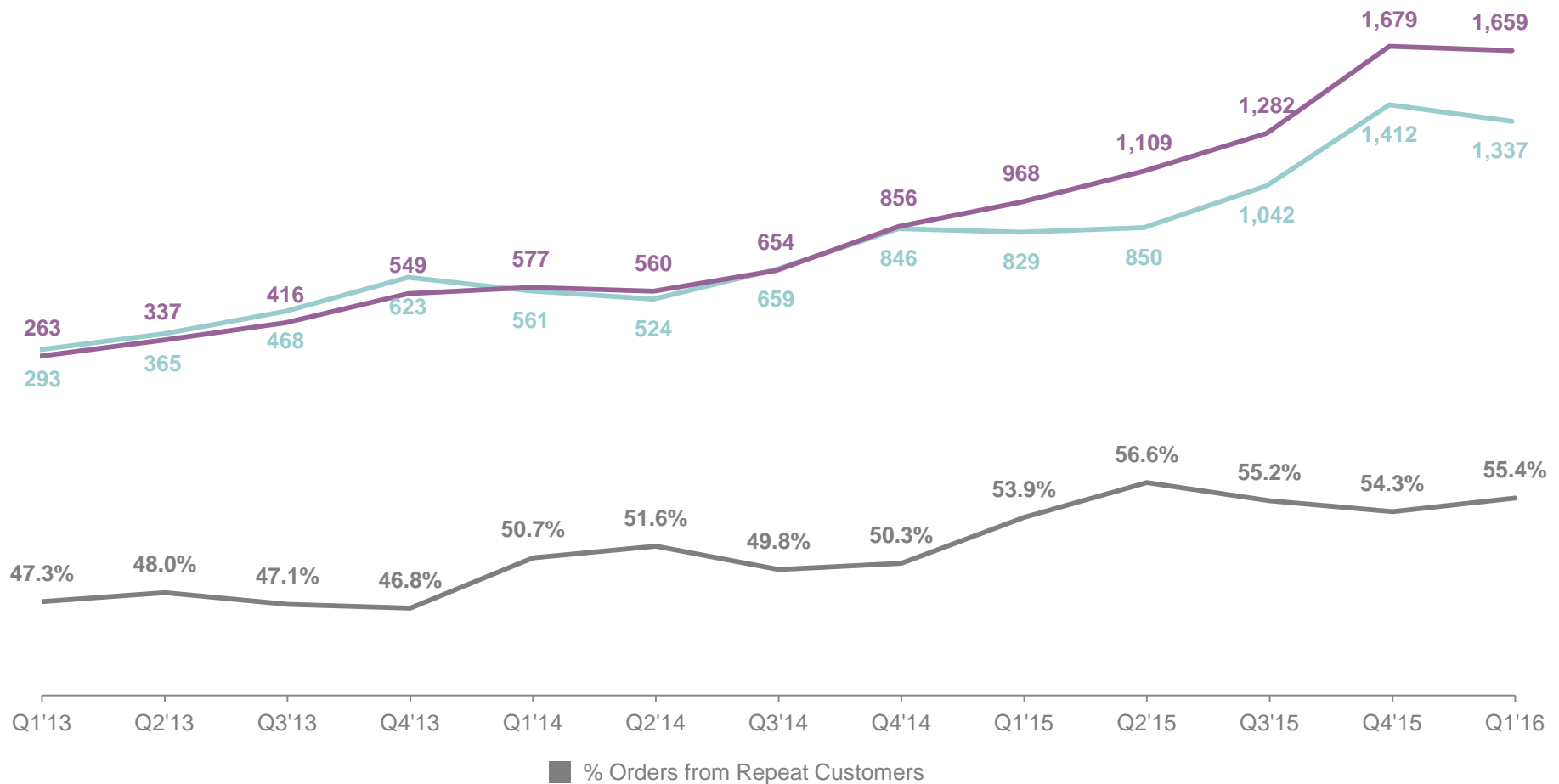


Source: Hanover Research
¹ Aided Brand Awareness as of February 2016

Customer Economics Continue to Improve – Growing Repeat Orders

Orders from repeat customers ('000s)

Orders from new customers ('000s)



Marketing

- Significant brand building (TV, display, partnerships)
- Increasingly personalized email content and cadence
- Targeted use of direct mail
- Revamped loyalty program (branded credit card)

Merchandising

- Expanded selection of decorative accents, seasonal décor and housewares (frequency drivers)
- Enhanced promotional and seasonal events
- Increased proprietary photography and rich content

Storefront Experience

- Deeper personalization – i.e. product sort order within a category and class
- Simplified navigation and product search
- Improved product data
- Highly rated mobile app

Customer Service

- Broadened two day delivery through CastleGate
- Reduced damage rate and order issues
- Specialized customer service teams
- Proprietary large parcel delivery

- We support categories that currently fall under 5 buckets
 - Highly Technical
 - High CLV Potential
 - See, Touch, Feel (Low web conversion categories)
 - Long Buying Cycles (High Touch)
 - Common theme (Call Volume)

Category	Purpose
Flooring	Highly Technical, High CLV potential, Long Buying Cycle (High Touch)
Lighting	Highly Technical
Plumbing	Highly Technical
Upholstery	See-Touch-Feel, Long Buying Cycles (High Touch)
Mattress	See-Touch-Feel
Large Appliance	Highly Technical, Long Buying Cycles (High Touch)

General Inbound Sales

- Handle any kind of call
- Have fundamental grasp of product catalog
- Not expected to develop repeat business with customer
- Transactional interaction – looking to close sale quickly
- No special sales tools

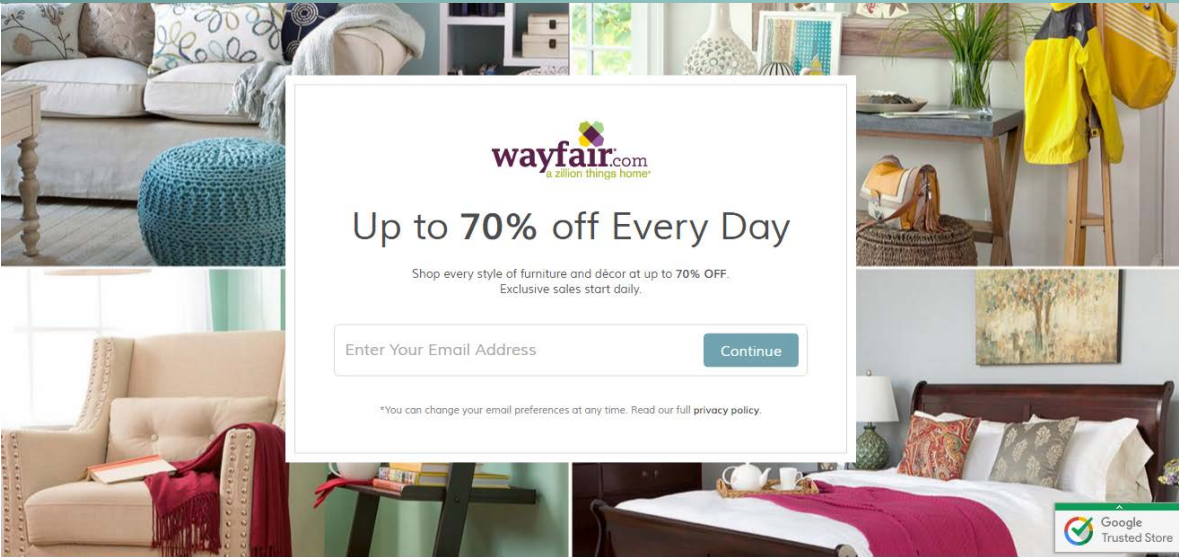
Specialized Sales

- Handle calls from a dedicated phone number for specific categories
- Experts in their domain
- Nurture customer relationship – longer buying cycle
- Use Salesforce to track contacts & follow up with customers
- B2C Customer Journey

- Targeted Marketing
- Increased Repeat Order Rate
- Higher Profit per Customer
- Larger Average Order Value
- Improved Close Rate
- Grew from 4 to 60+ FTEs in < 12 mos.



Adapting to International Markets



US “Gateway” Page

Adding ‘trust badges’ increased German capture rate by over 20%

Original German “Gateway” Page

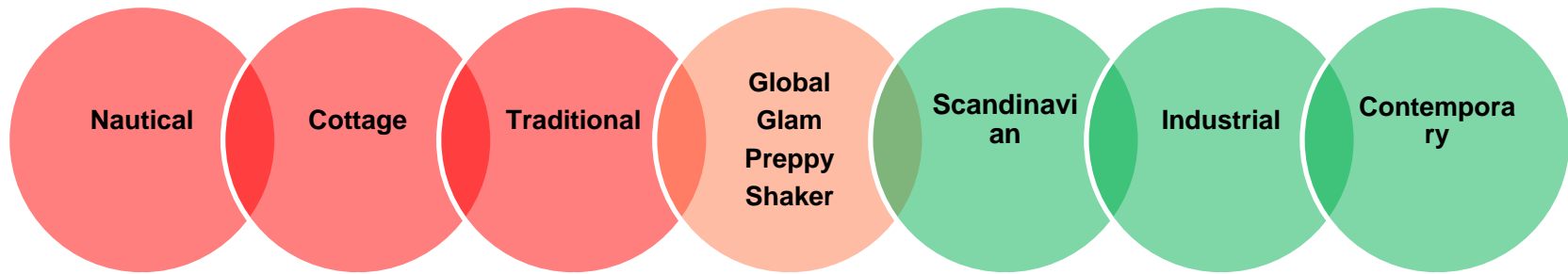


New German “Gateway” Page



Using Data to Understand Canadian Tastes

Style of Wayfair.ca Furniture/Décor purchases vs Wayfair.com purchases, 2016 YTD



Urban rustic barn



Euro modern



Apartment living, smaller furniture



French country

This data influenced scenes chosen for our new commercial

Wayfair.ca

Press **Esc** to exit fullscreen



wayfair.ca

0:00 / 0:30



Modern
Clean

Euro

Bright

Fun

Bold



Styles that under-index in Canada:

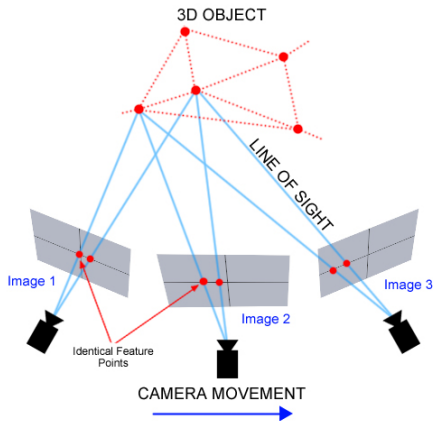
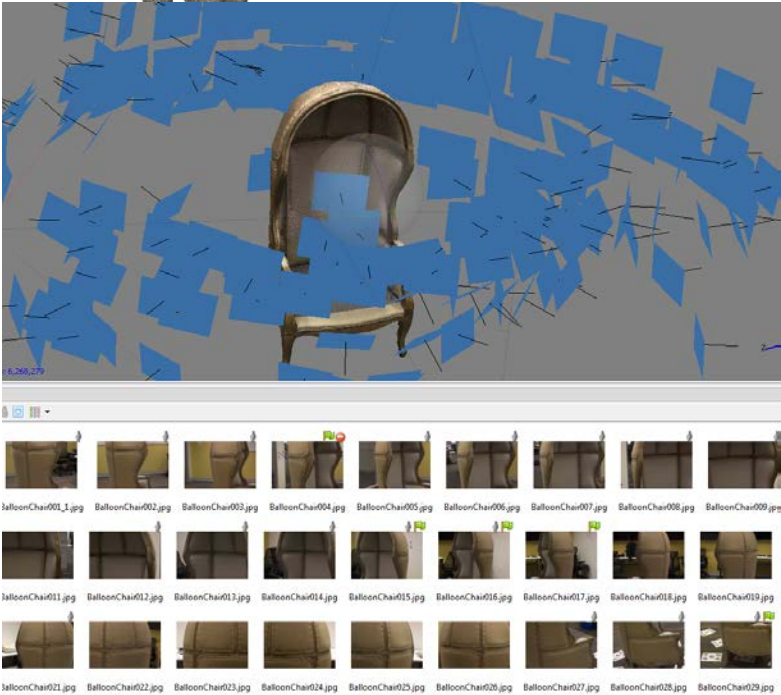
- French country / traditional furniture
- Curlicues or heavily carved wood
- Cherry and medium wood tones
- Bronze or brass faucets
- Curved-arm sofas
- Southwestern style



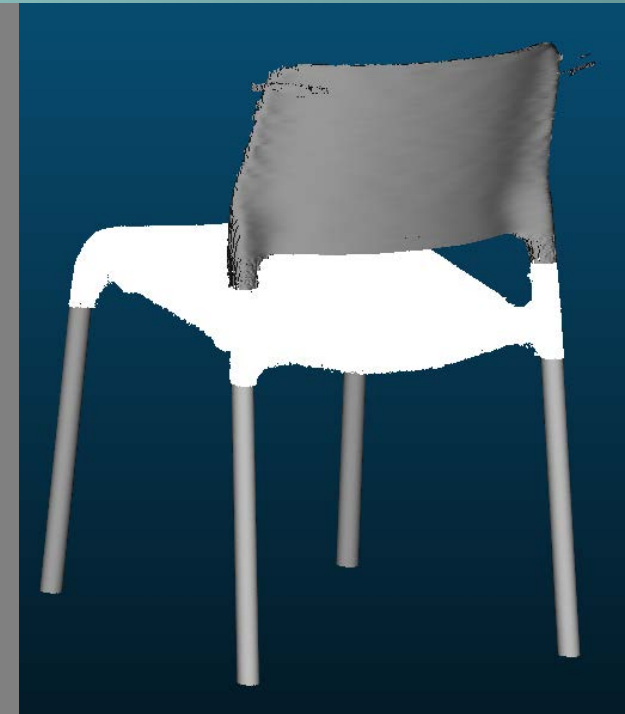
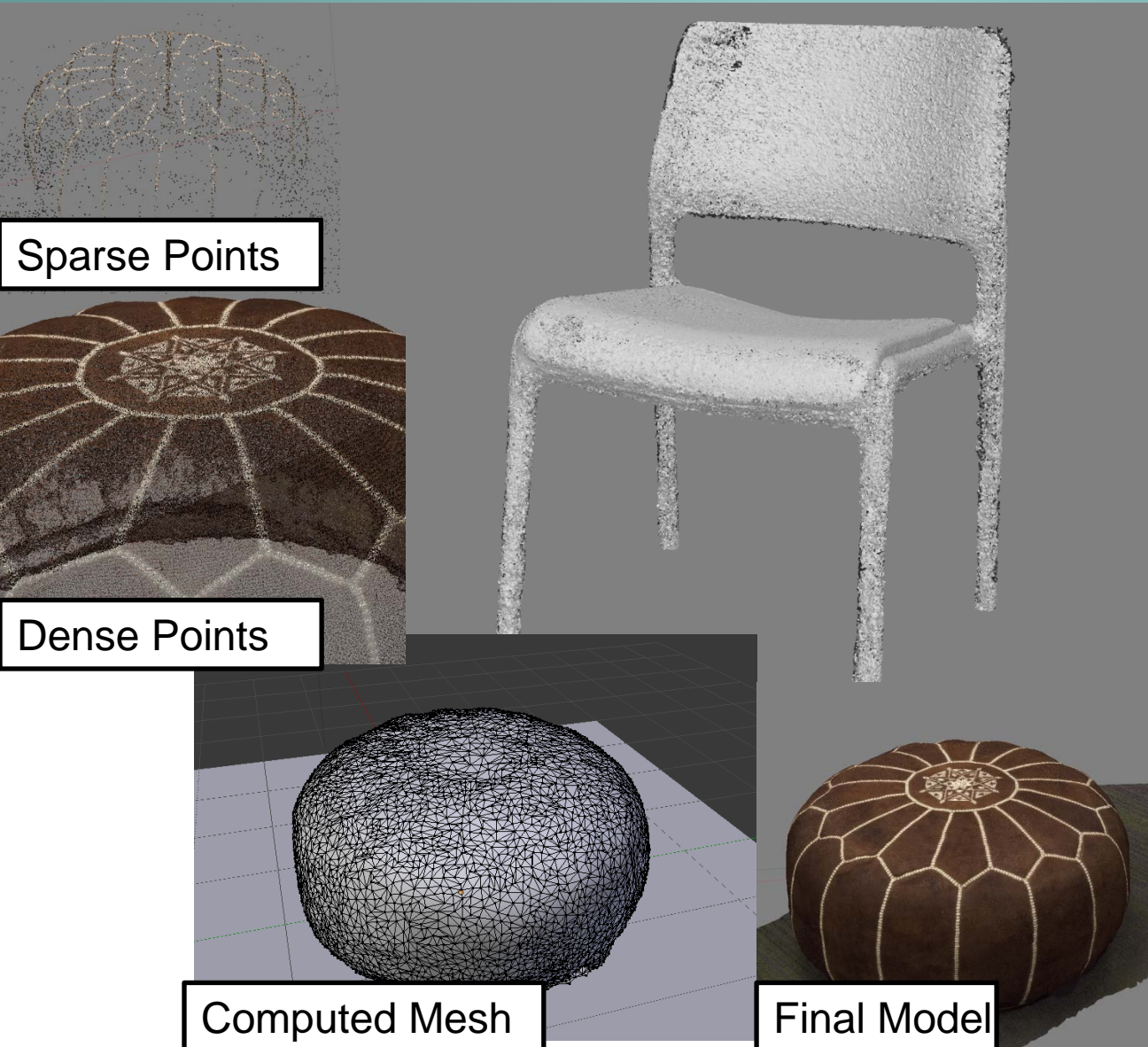


- ⊕ Highly accurate
- ⊕ Photo-realistic materials
- ⊕ Automation
- ⊕ Evolving fast
- ⊖ Flat surfaces are difficult
- ⊖ Millions of polygons
- ⊖ Processing time
- ⊖ Not all materials work





3D Point Clouds



Custom Scripts

Noise Reduction
Smoothing
Symmetry
Shape Detection
Mesh Generation
Materials

See How Wayfair Furniture Looks In Your Home with Augmented Reality

Press Esc to exit fullscreen

**Wayfair Next:
Augmented Reality demo**

0:01 / 1:29

CC HD

