



# How Precis and Polarn O. Pyret navigated digital marketing in 2020

A Precis case study, March 2021

precis.

POLARN O. PYRET

# Letter of introduction



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One might argue that the year 2020 deserves its own chapter in any history book, but for Polarn O. Pyret (PO.P) in particular, this year has symbolised a time full of challenges, changes – and luckily a few new opportunities.

A combination of COVID-19, corporate restructuring, and a business strategy in need of change led to 2020 being a particularly challenging year for the Swedish children's clothing manufacturer. In this case study, we will aim to investigate how an international brand like Polarn O. Pyret navigated 2020 through a forward-thinking digital marketing strategy.

Hopefully you will understand what sort of problems were faced, but also how we aimed to solve these with new strategies and tactics together with Polarn O. Pyret. Indeed, these learnings can be used for any business struggling with the transition from offline to online – and provide key takeaways and tactics for your own digital marketing strategy.

For any business looking to move towards a digital-first model, we hope you find this guide insightful and useful in your own pursuit of digital excellence.

Herman Aatangen, Madeleine Bakken  
and Line Klaastad Kristiansen

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# Polarn O. Pyret

## The facts

Polarn O. Pyret started in 1976 with the desire to make comfortable, high-quality childrenswear. This means a play-friendly design, with no details that chafe or restrict movement, that can be washed again and again. Simply put – clothes that let children be children. Today, 75% of their collection is made from more sustainable fibre and the target is for this to be 100% by 2025.

[www.polarnopyret.se/om-oss](http://www.polarnopyret.se/om-oss)

### POLARN O. PYRET

The Polarn O. Pyret as we know it today was established in 1976 in Sweden.

54% of PO.P outerwear is worn by 3 children or more: [Learn more in PO.P's sustainability report](#)



# 30%

30% reduction in emissions from scope 1 & 2 in 2020

# 67%

67% increase in online revenue share when compared to offline.

# 81%

Users YoY

# 79%

In 2019, 79% of PO.P's revenue came from physical stores, while 21% was generated through the e-commerce platform.

# -34%

Purchases of clothing and shoes during the pandemic dropped around 34% in Sweden – with in-store business models taking the biggest hit (PWC, 2020).

# 140%

Revenue YoY

## Part I

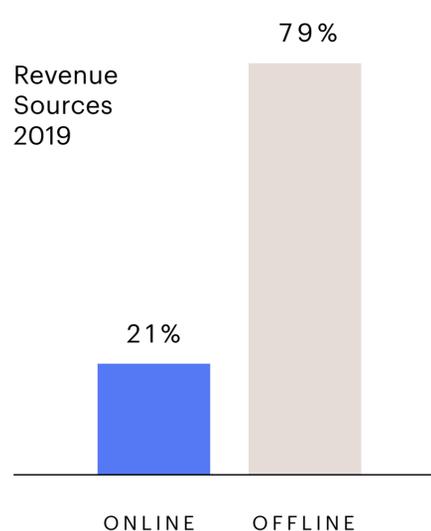
# Challenges

No one can deny that 2020 presented a multitude of challenges for any business, and Polarn O. Pyret experienced their fair share of difficulties too. Including a significant hit to their in-store traffic, business restructure, and an ambitious sustainability strategy to name just a few...

In part 1 of our study, we explore how each of these challenges directly affected our digital marketing strategies – ready to deep dive into our solutions in part 2 of our case.

# The impact of COVID-19 on business strategy

As previously mentioned, the most difficult aspect of 2020 was undoubtedly the global pandemic. While this was obviously not a problem for Polarn O. Pyret alone, it is a particularly difficult issue for an organisation that heavily relies on brick and mortar stores for revenue...



By the second half of 2020, PO.Ps online revenue increased and accounted for approximately 39% of total sales

In 2019, 79% of PO.P revenue came from physical stores, while 21% was generated through the e-commerce platform. During the first critical months of the pandemic in March and April, all stores in Finland and Norway were closed and a large number of stores in Sweden were also closed or on limited opening hours. Average spend on apparel and shoes in Sweden was also estimated to have decreased approximately -34% during the Corona pandemic (PWC, 2020).

In other words

*4/5 transactions would need to be moved from offline to online for the overall results to not be impacted.*

Although an ambitious target, this was ultimately key in order to drive sales during local lockdowns: we needed to both shift spend from offline to online while also competing in a significantly deflated market.

# Company reorganisation and financial restructure



The COVID-19 pandemic's impact on Polarn O. Pyret's financial situation also had further effects on the company as a whole when the Stockholm District Court initiated a company reorganisation on March 23rd. This process was initiated by the company themselves in order to carry out a financial and operational reorganisation, to help PO.P get back on track. Going through such a heavy restructuring has its limitations on digital operations as well as the entire customer journey.

All expenses needed to be thoroughly justified, and the accepted expenses all needed to be pre-invoiced. The latter point hugely affected how we could optimise the ad accounts, and for anyone that has worked with performance marketing, it is obvious that set budgets compared to fluid budgets can be a significant limitation.

# Sustainable products and services

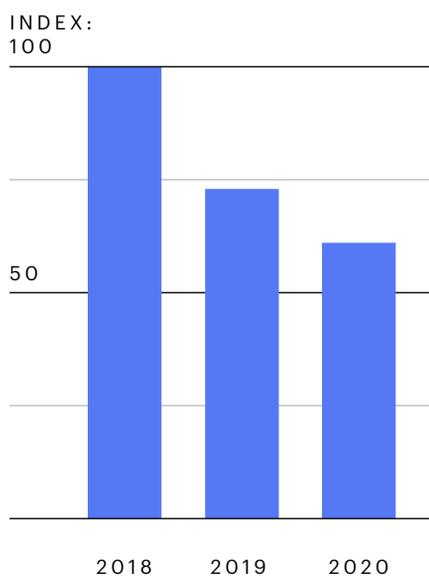
[Read about Polarn's sustainability strategy](#)



For 10 years in a row, Polarn o. Pyret has been named Sweden's greenest brand in the clothing category. This in itself is something Polarn O. Pyret takes great pride in, especially considering that the clothing industry is known to be one of the most polluting. Along with many other players in this sector, Polarn O. Pyret has made several efforts and initiatives to limit the overproduction of clothes manufactured and become more sustainable across their omnichannel strategy. They have also focused on high-quality garments that can be handed down to other children, only produce clothes made with organic cotton, and facilitate the sale of their secondhand clothing in-store and online.

All of these initiatives are exactly what the industry needs, but they do present some challenges. Talking about sustainability as a 'challenge' may seem a bit negative, but we have to point out how this can lead to difficulties from a short-term digital marketing perspective.

Firstly, we want to reiterate that there is nothing we like more than driving high performance while also being environmentally, financially and socially responsible. However, Polarn O. Pyret's strong focus on their core values, naturally, had a direct impact on our digital marketing strategy and results – the conversion rates on the website being a key example.



#### Garments

Significant reduction in the number of garments produced Y.O.Y across P.OP

## Part II

# Strategy



*With a limited customer flow in stores, decreased stock, and little room for error, it was essential for us to focus on the possibilities and prioritise.*

Heli Fleetwood,  
Marketing Director,  
Polarn O. Pyret

In the previous section about Polarn O. Pyret's challenges, we established what sort of threats the company faced in 2020. Now we want to further explore how Precis and Polarn O. Pyret set the strategy with the goal of overcoming these obstacles. With a limited customer flow in stores, decreased stock, and little room for error, it was essential for us to focus on the possibilities and prioritise.

Specifically, we had to define the correct channel mix and channel strategy in line with our key performance indicators while also targeting the most valuable users with the right creatives and in the right context. This section will elaborate on how we were able to do this from a strategic level.

# Online channel mix



The key to success during this transitional period for the Swedish children's clothing brand was being able to prioritise channels, KPIs, and creatives based on our overarching goal: *moving revenue from offline to online.*

- First, we defined a set of KPIs in line with the overall goal of online sales and made sure these were set appropriately for each market and channel-type.
- We established an ideal channel mix and strategy, where the common thread was dynamic capabilities; our goal was to build a framework where we gave the automation algorithms in all channels the best possible inventory.
- This meant doing full feed audits of product feeds used in Google Shopping and Facebook Dynamic Product Ads.
- Setting appropriate KPIs for bidding algorithms to work their magic in line with PO.P's business goals, but also handing more control over to these automated bidding solutions.

# Offline

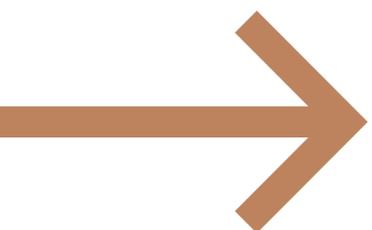
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As we established in the introduction, there was an urgent need to move revenue streams from brick and mortar stores to polarnopyret.com. The first, and in many ways obvious step, was to allocate spending and resources to initiatives driving online revenue and focus less on store-visit driving channels and KPIs.

However, we also wanted to make use of the data we had available on customers that had shopped offline. For example, we segmented locations in Google Ads down to city-level in order to provide Google smart bidding with more signals to utilise – this meant that the automated bidding would be able to prioritise differently based on the user's location.

Our theory was that a lot of revenue previously coming from physical stores would be moved online, particularly in the cities with closed stores, meaning that location segmentation data would be valuable for smart bidding. We also leveraged audience data to determine where offline sales could be retargeted through high traffic channels such as Google Ads and Facebook.

Last but not least, we also had to adjust all creative and messaging to encourage action online rather than drive in-store visits.



# to online

Both brand awareness and overall market demand is quite different between the markets PO.P operates in. So it was important to identify the markets and areas where we were likely to have the most success.

# Market differentiation



In Sweden, a large share of children have grown up in Polarn O. Pyret's signature stripes – and as a result – brand awareness and perception is high. In contrast, Germany has very low awareness. In other words, we had to make the most out of the pre-existing demand in each market and set KPIs that reflected this, but that also took into account the differences in each market.

For instance, which categories and subcategories of clothing to prioritise in our ads as this differs from country to country. Take wool clothing as an example, the wool-season starts quite a lot earlier in Norway compared to Germany so our product feeds needed to reflect this.

Additionally, the corporate reorganisation we discussed earlier forced us to analyse and predict demand and performance in each market. This meant that budgets between the markets could not be adjusted. This predictive exercise was done using historical data and estimating impact from each channel on each market – the success of which you will see in our results section.



# Target audience

We quickly realised that implementing a full-funnel audience strategy would be key – not only when defining who to target with our content, but also to provide our bidding tools with sufficient data signals to make adjustments. We utilised a wide variety of audience types and segmentation techniques allowing us to clearly distinguish users based on value-related signals.

We used everything from prospecting audiences (such as in-market and interested-based targeting) to segment remarketing audiences and identify the most valuable customer segments. For example, PO.P's newsletter audience were segmented and targeted with highly relevant ads tailored to them.

We separated the customer base by how valuable the customer was to us, by further distinguishing between VIP-members (frequent purchases), and non-VIP members – which allowed us to identify customers with the highest customer lifetime value (CLV) and replicate those characteristics.

## Part III

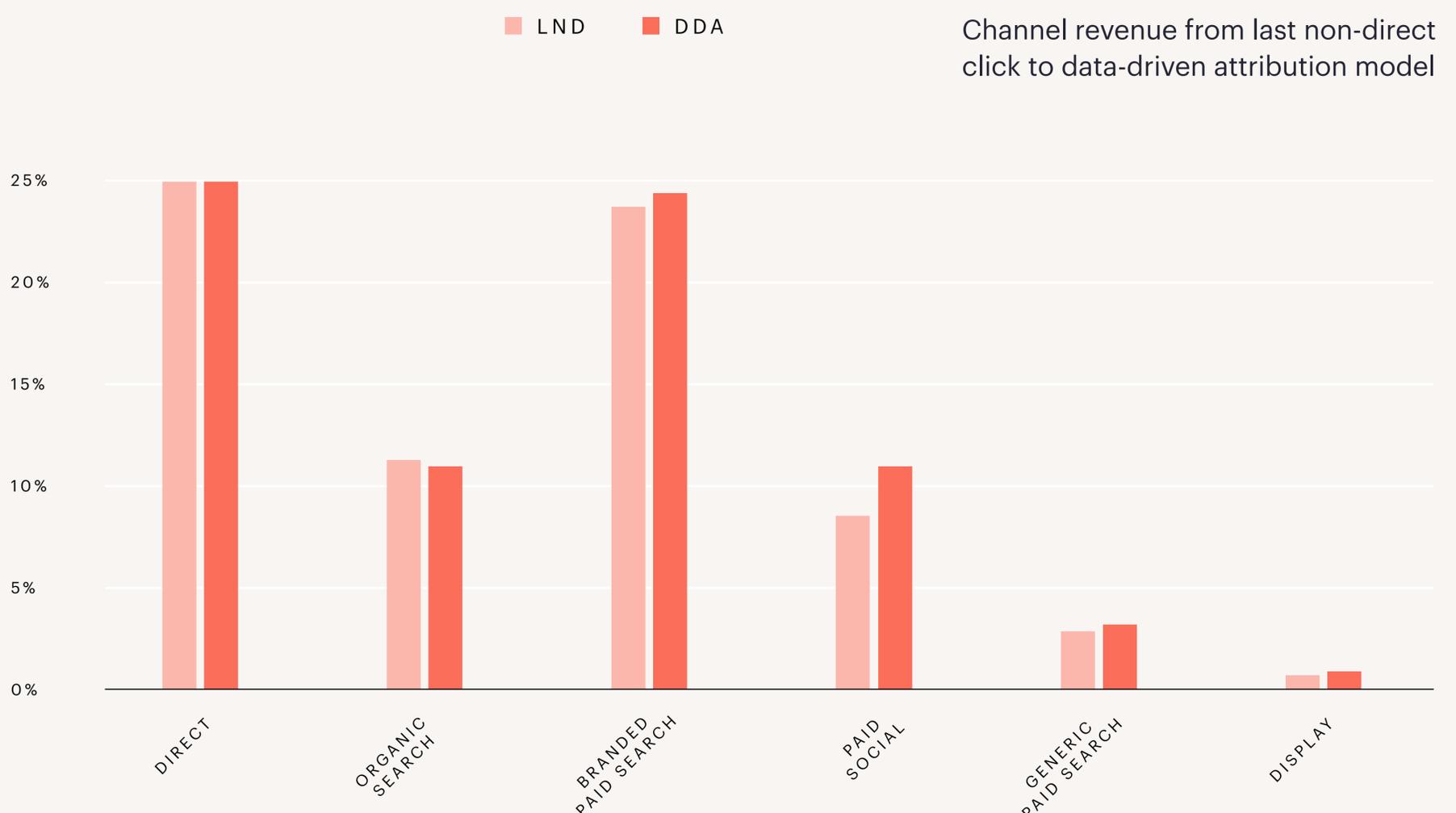
# Implementation and optimisation

In the previous section, we talked about how we set a strategy for Polarn O. Pyret during a critical time. In this third part of our ebook, we will dive further into the operational side of things. What practical steps did we take in order to move traffic and revenue from brick and mortar stores to online? How did we prioritise channels and audiences in order to reach the most valuable users with strict budgets?

# Systematic targeting and bidding

Out of every customer shopping on Polarn O. Pyret's on-line store, 85% are logged in to the member club PO.P+ while performing a purchase. In physical stores, 80% of all shoppers are members. Moreover, out of all PO.P+ members, there are VIP members, i.e. the members who shop more frequently than others and who are consequently more valuable to the client.

To fully take advantage of these valuable users, and to reach customers that would normally shop in physical stores, we used existing audience data for campaigns within





Facebook and Google. We then segmented these based on whether they were considered VIP or non-VIP in order to a) not exhaust this segment with awareness content and b) to identify similar traits for future audiences. Our focus is on a full-funnel audience strategy, meaning it is also important for us to reach users with a specific research behaviour.

This entailed creating extensive custom intent audiences for each market as well as bidding on relevant keywords for this part of the purchase funnel. This enabled us to guide the users from being interested in products the client offers to ultimately making a purchase and even retaining them by having them register to the members club.

*More specifically, we could see that GDN ads in fact contribute 44% more value than with a last non-direct click model, and generic search campaigns 28% more.*

Another great reason for investing in Google display network (GDN) and generic search campaigns was made clear after we performed an attribution analysis for the client. The results showed that by using a data-driven model, we could attribute a lot more value towards these parts of the funnel. More specifically, we could see that GDN ads in fact contribute 44% more value than with a last non-direct click model, and generic search campaigns 28% more.

To a large extent, we relied on smart bidding to pick up and act on the audience signals we provide, but our efforts do not stop here of course. Using Precis' own bidding tool, we have divided our campaigns into portfolios with separate cost of sales (COS) targets. This has been extremely helpful when prioritising spend due to restricted budgets.

# Practical implications of offline to online

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# 38%

38% increase in CTR in shopping campaigns for the largest market

In addition to audience data, we also decided to add cities across all markets to location targeting. This was particularly important for all cities where Polarn O. Pyret has or had physical stores, as demand has shifted more towards online shopping during COVID. Moreover, it was important to change the messaging across all search campaigns, including ad copy and ad extensions. In certain campaigns where we previously would encourage users to find their local store, we changed all messaging to 'shop online'.

We also wanted to make sure we were providing Google Smart Shopping with a first-class feed in order to increase CTR and traffic through our shopping campaigns across markets. After a full feed audit, we created custom feed rules to lengthen titles and descriptions, included product types in order to get impressions on more generic searches, and enabled sales prices and product ratings... and much more!

# Communicating core values



Communicating Polarn O. Pyret's core values has been our focus over the past year and continues to be an important part of our long-term digital strategy, while at the same time increasing profitability.

With the help of a more digital focus over in-store sales, together with Polarn O. Pyret, we have explored how sustainability can play together with performance – and drive results online. We wanted to find a way to communicate to the audience about initiatives such as GOTS certified cotton or their emphasis on used and loved garments.





So we set out to launch upper-funnel campaigns across paid social and search with copy and creative that did just that:

**Meet the spring in garments made from 100% organic cotton. Focus on renewable garments in sustainable materials that can withstand being loved for a long time.**

We only make clothes that can be loved for a long time and then be inherited. Hand in your used P.O.P outerwear to us in store and get a discount on new ones!

*Missing link*

[Check out this article for more information on our core value campaigns](#)



The campaigns were hugely successful, and helped engage new and existing audiences to the brand. Given this success, we are looking at initiatives such as adding this focus to our Smartly strategy by adding “GOTS Organic” and/or “Organic Cotton” labels to our image and video templates. Since P.O.P already has included this in their product images, we can easily retrieve this from our product feed and connect it to our templates. The idea is to highlight this as a unique selling point for customers – particularly new visitors.

## Part III

# Results

Throughout this ebook, we have discussed everything from challenges and opportunities to strategy and implementation – this last section investigates the results.

We will look at results from March, April and May primarily as this was the most challenging period for Polarn O. Pyret, but also the time where we implemented most of the changes. To see the bigger picture, we will compare this period to 2019 results, as well as looking at the development from the beginning of 2020.



# Overall impact on users, revenue and conversion rates:

**81%**  
Users YoY

**140%**  
Revenue YoY

**207%**  
Google ads conversion

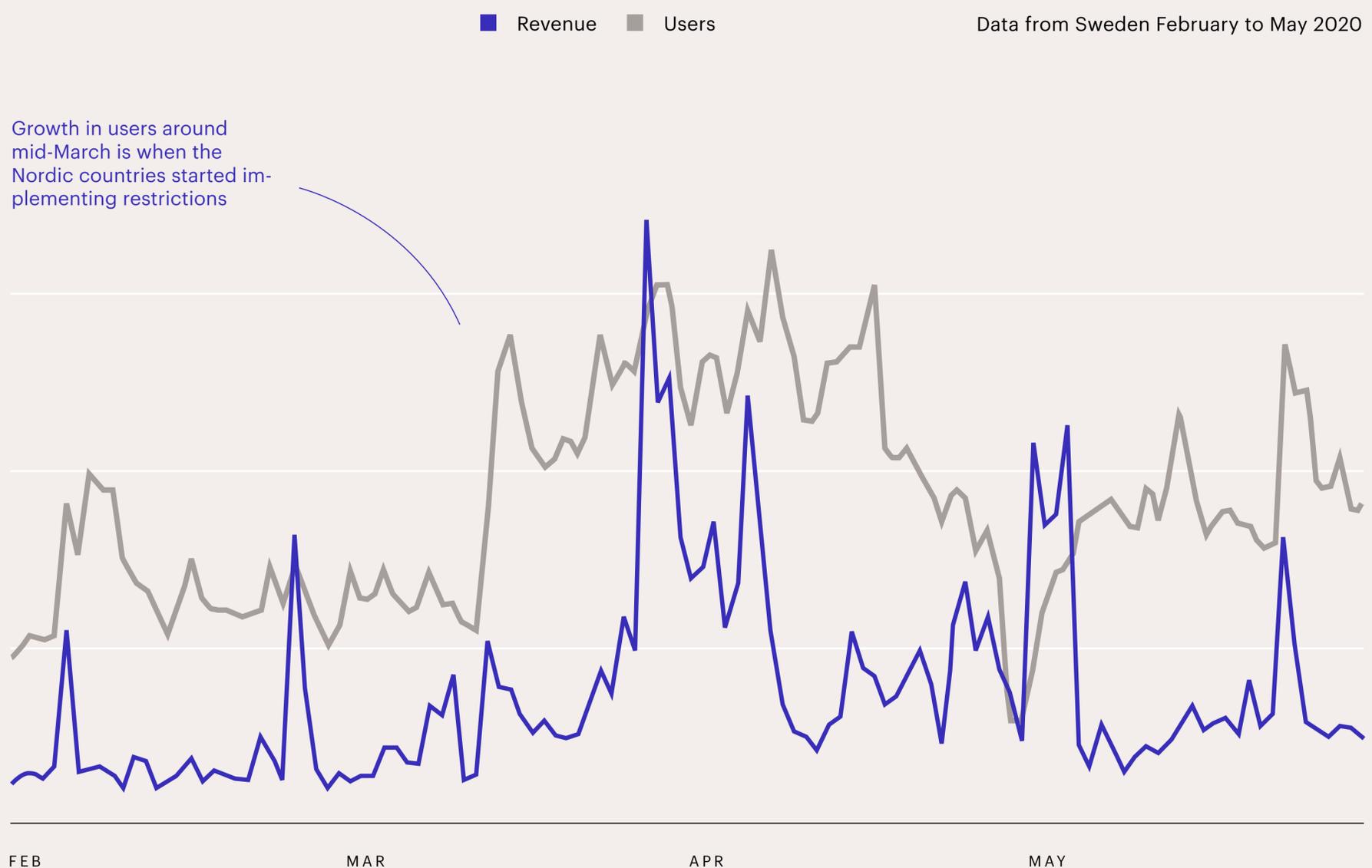
These results speak for themselves. Our focus on reaching our most valuable customers and providing them with highly relevant ads in the search moments had a huge impact on marketing performance.

# Overall trends in users and revenue

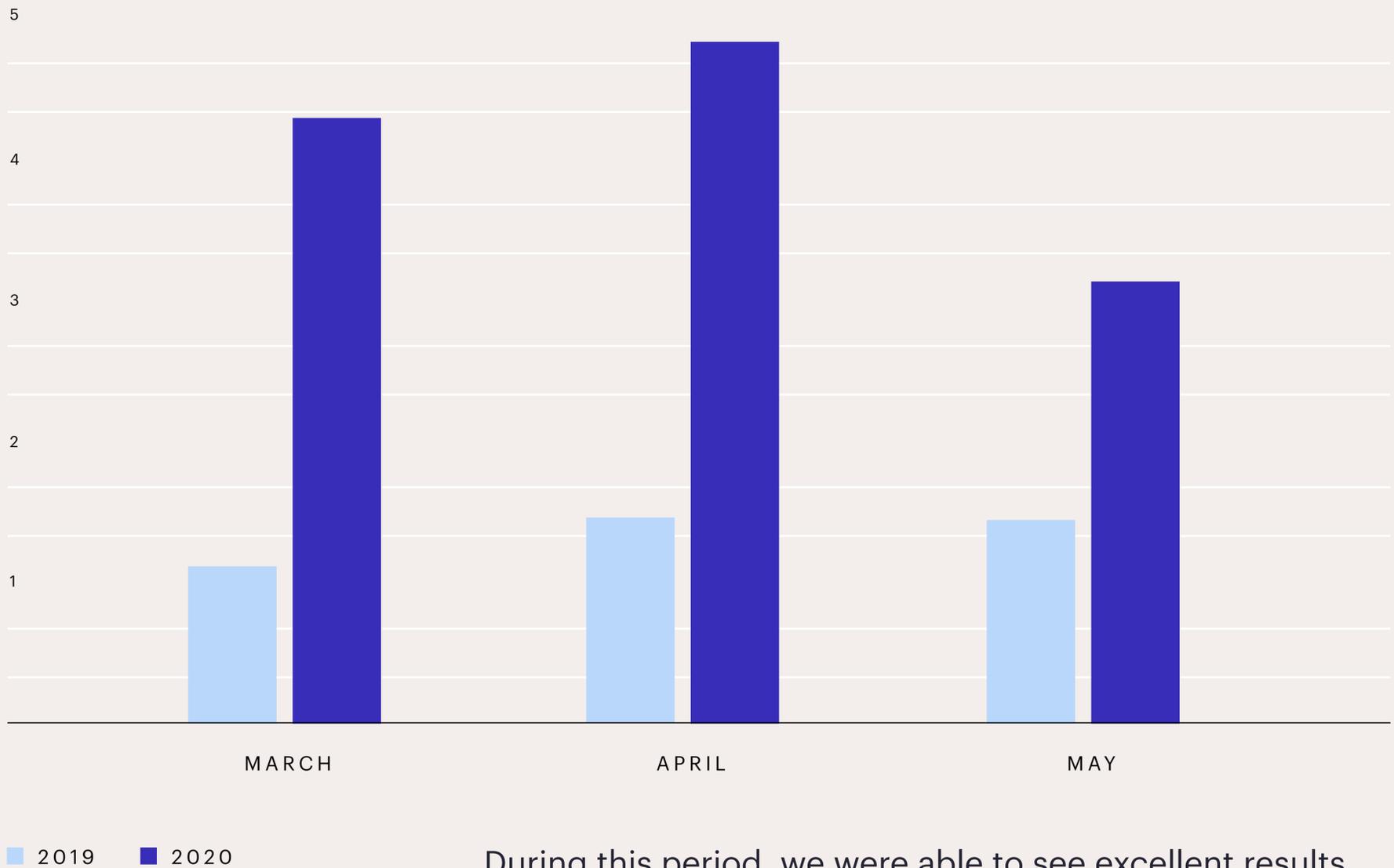
## Polarn O. Pyret

It seems clear that as people were spending more time at home, they were also spending more time online and this is where we experienced a huge increase in online demand. As discussed in previous parts of this ebook, it was essential for us to maximise value coming from paid traffic and really prioritise the most valuable users.

The relative difference in revenue uplift versus increase in users clearly shows this. This indicates not only that demand had shifted towards online shopping, but also that the extensive efforts we put into the audience strategy and targeting paid off.



# Return on ad spend (ROAS)



Data from Sweden March to May 2019 vs 2020

During this period, we were able to see excellent results in terms of ROAS. Not only in terms of greatly outperforming the targets we set together with the client, but also in comparison with last year's results.

## 353%

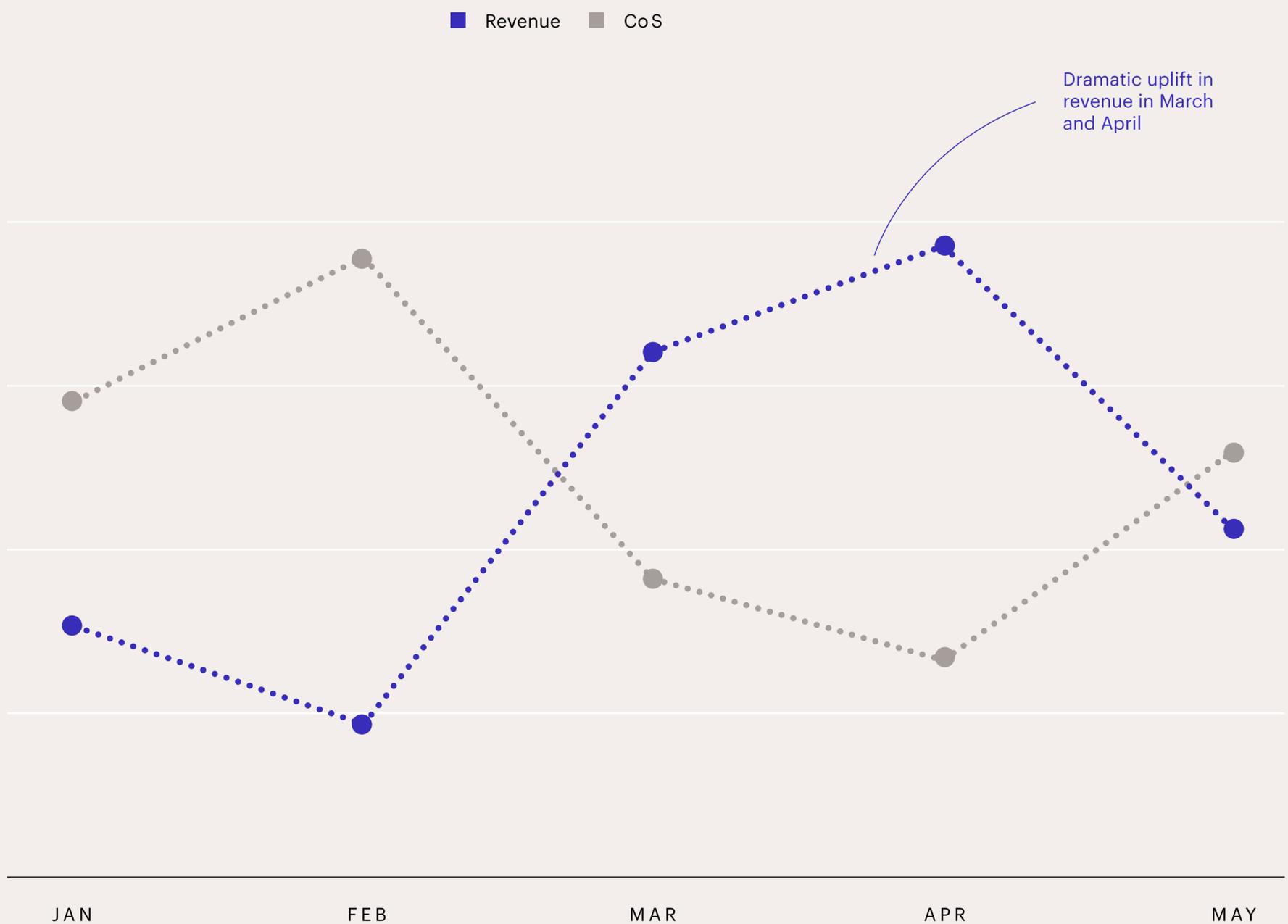
GAds ROAS, YoY

## 272%

FB ROAS, YoY

Note that ROAS results from paid social is based on Facebook's own attribution.

# The relationship between revenue and cost of sale (COS)



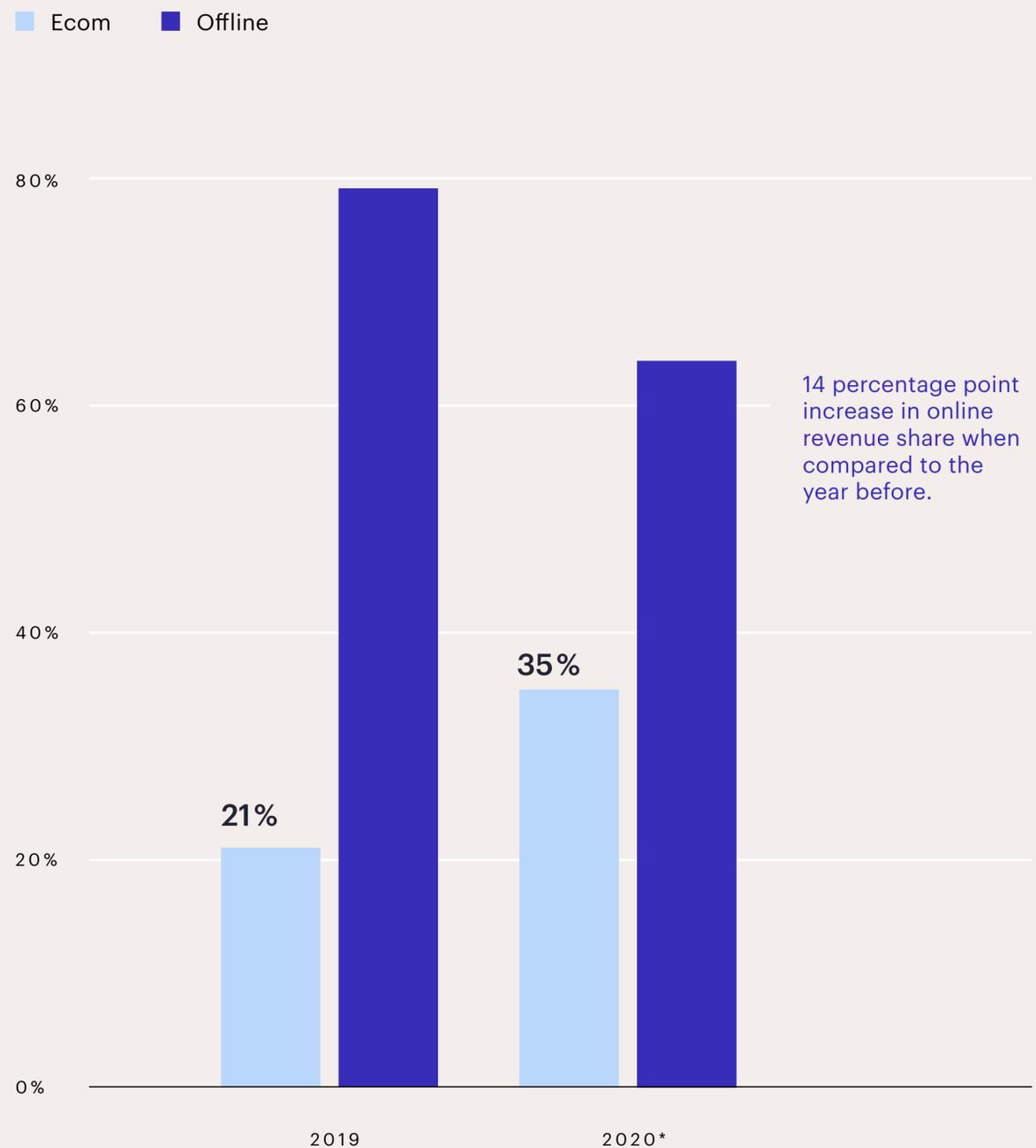
In the graph above, we can see the development in revenue and COS, and how this drastically changes when we reach March. Even though things started to somewhat stabilise in May, we were still seeing a far higher revenue volume than before this period.

# Offline to online transformation



*Over the last year, e-commerce has grown from representing 21% of our business to 35% of our business, and it keeps growing*

**Yohan Deveaux**  
Head of E-commerce  
Polarn O. Pyret



All in all, we have seen great results in all markets and all channels in terms of revenue growth online. However, the biggest measure for success here was the shift revenue from offline in-store to online e-commerce.

\*Only data from Jan-Oct

# Conclusion



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So what did we learn? It is fair to say that the combination of increased demand online and effective digital marketing activities allowed us to achieve – and even supersede – what we planned.

The learnings here are that data-driven decision making is key and that you can't leave anything to chance. It is important to note here as well, that data did not necessarily equate to control. The reason we succeeded here is because we allowed automated bidding and in-channel algorithms to work relatively unhindered with the information we gave them.

Over the past year, we have seen great success with this strategy, both with Polarn O. Pyret and other clients and overall, this is the way the industry is leading. Providing channels and clients with the right data, audiences, and strategies to succeed is crucial – without jeopardising your results by over-engineering channel activities.

We look forward to seeing how our work with Polarn O. Pyret evolves in 2021 and hope you follow our progress by engaging with our social media and blog too.

Herman Aatangen, Madeleine Bakken  
and Line Klaastad Kristiansen



**Get in touch**  
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**precis.**

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