

Redefining retail

Adapting to the changing ways people shop for furniture

Responding to evolving consumer preferences, shopping behaviors, and economic influences impacting your business



Navigating the changing ways people shop for furniture and home furnishings

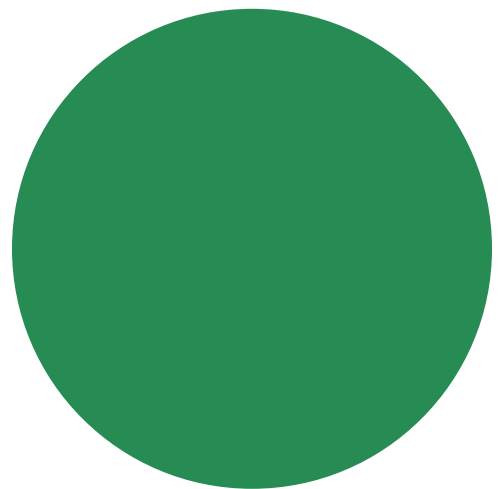
The way people furnish their homes, from the sofas they choose to the rugs they can't live without, says so much about their personalities, lifestyle, and values. That's why shopping for furniture is often a meaningful and memorable experience for your customers.

But how customers shop and what they buy is changing. Consumers may "window shop" online and come to a brick-and-mortar store with a selection in mind – or buy from an online source without visiting a store. They may shop secondhand stores or rent their furniture for greater sustainability and flexibility. And some of your customers may come to you cash-strapped after spending more on a home than previous generations could have imagined.

Thriving in an evolving market is determined, in large part, by how well your business responds to these market trends and shifts.

Highlights

- 1 Exploring the top furniture trends influencing buyers
- 2 Responding to technology's transformative impact on the furniture industry
- 3 Understanding the influence of today's volatile housing market
- 4 Adapting to Gen Z's shopping and style preferences



1

Exploring the top furniture trends influencing buyers

It's not your imagination. What's in and what's out in home design is cycling at a dizzying pace. Blame social media and the internet, which expose consumers to a wide variety of ideas and products and have made interior design more attainable for more people. That's causing trends to come and go faster than ever before.

A trend's lifecycle used to span 20 years or so.¹ But now a trend can rise and fall in a matter of months.

How can a furniture retailer keep up? The good news is that many consumers are developing a more personal, individualized style. Because social media has made good design more accessible, many consumers are newly invested in their homes and are curating one-of-a-kind spaces.

That said, keeping an eye on home interior trends will always be important for forecasting, product design, and moving the industry forward. The High Point Market, where the latest home furnishings styles, trends, and products are introduced, is a good place to start.

Highlights from High Point

What's introduced at the High Point home furnishings industry trade show soon makes its way to retailers and homes throughout the U.S. Here are three design trends spotted by Veranda² at the High Point 2023 Spring Market.

20th century styles. Look for the dark, dramatic hues of 1920s art deco style, including bold geometric shapes, sleep lines, and luxurious materials such as chrome, glass, and exotic woods to influence the industry this year. Styles from the 1960s, from mid-century modern to bold geometric patterns, are also influencing today's home furnishings.

Materials and finishes. Marble was found throughout the High Point Market on larger pieces and sculptural accessories. Rattan is still on trend for lighting, accessories, and furniture. Although lacquer is one of the oldest known finishes for furniture and accessories, its durability and style make it an enduring choice today.

Retro hues. Period styles of the 1960s and 70s are influencing color trends, from bright yellow to natural olive green. According to Veranda, olive green is the new neutral as it pairs well with most every color found in nature. That makes it a popular choice for those gravitating toward an organic, peaceful style for their home. The use of bold colors from the 1960s, including bright geometric patterns and colorful fabrics, will also be an important trend.

2

Responding to technology's transformative impact on the furniture industry

43% of U.S. consumers shopped for furniture online in 2022⁴



A significant portion of home furnishing spending is shifting toward e-commerce. In 2022, furniture and home furnishings e-commerce sales grew 10.2% to \$126 billion.³

In a March 2022 survey of U.S. shoppers purchasing furniture, 53% reported they shopped for furniture in-store. Among the 43% who said they shopped online for furniture, 25% used an e-commerce platform and 18% bought furniture directly from a brand's website.⁴

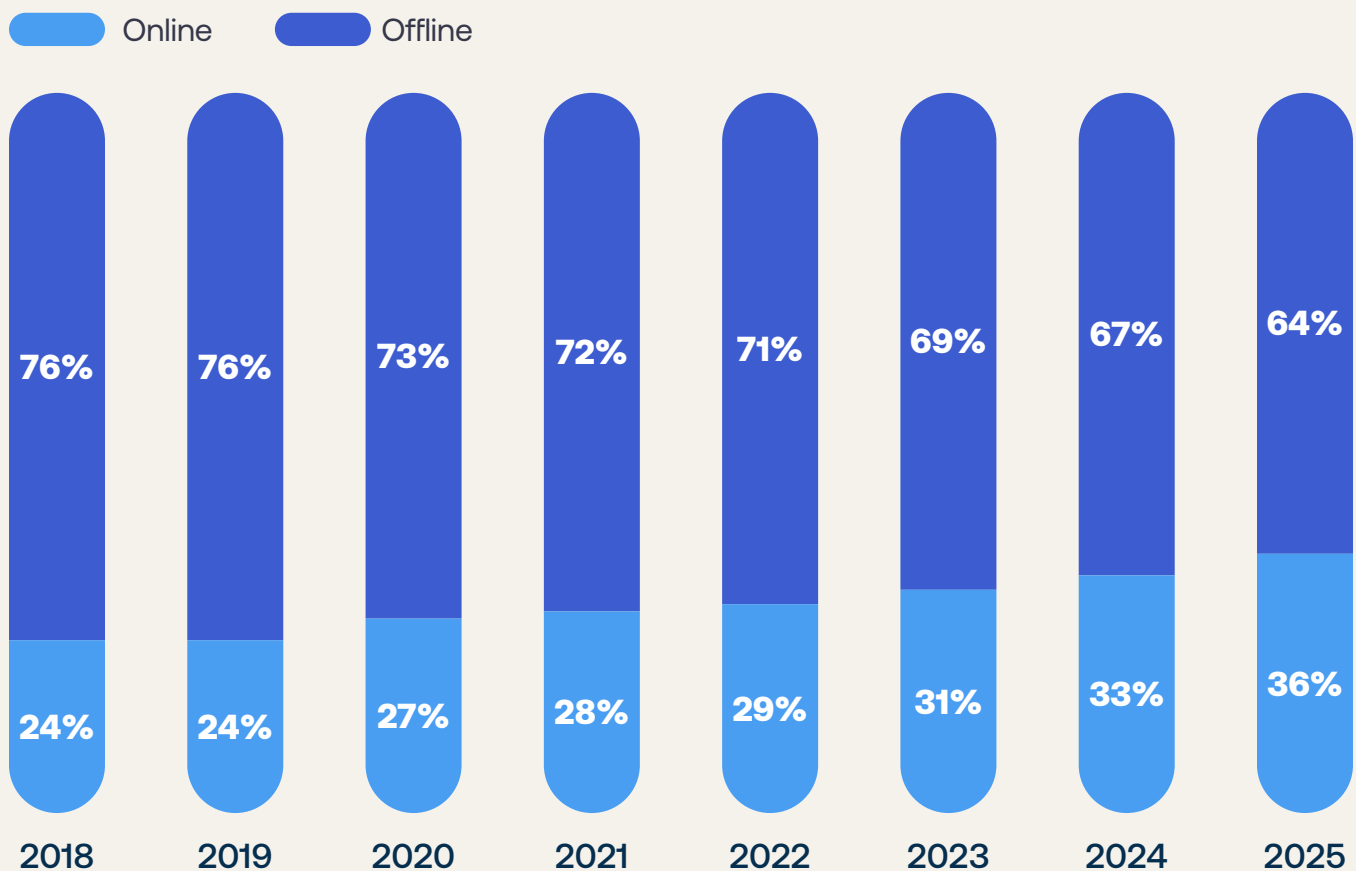
While online shopping is convenient, it's not the end of in-store shopping. Physical stores offer a tactile experience that simply can't be replicated. How does that fabric feel? Is the sofa comfortable? Those are questions that are hard to answer online. And sometimes it's easier to shop in a store, especially if there's a helpful sales associate to answer your questions and offer valuable advice on product selection, customization, and maintenance.

For those and other reasons, in-store shopping is holding its own. Research from Furniture Today shows shoppers now stop at 5.5 brick-and-mortar stores before making a buying decision, up from 3.75 stores year over year.⁵

44% of furniture retailers believe furniture e-commerce growth is their greatest opportunity in 2023⁶



Online versus offline home furnishings sales



Source: Statista and Common Thread Collective⁷

What online shopping and e-commerce bring to the furniture shopping experience

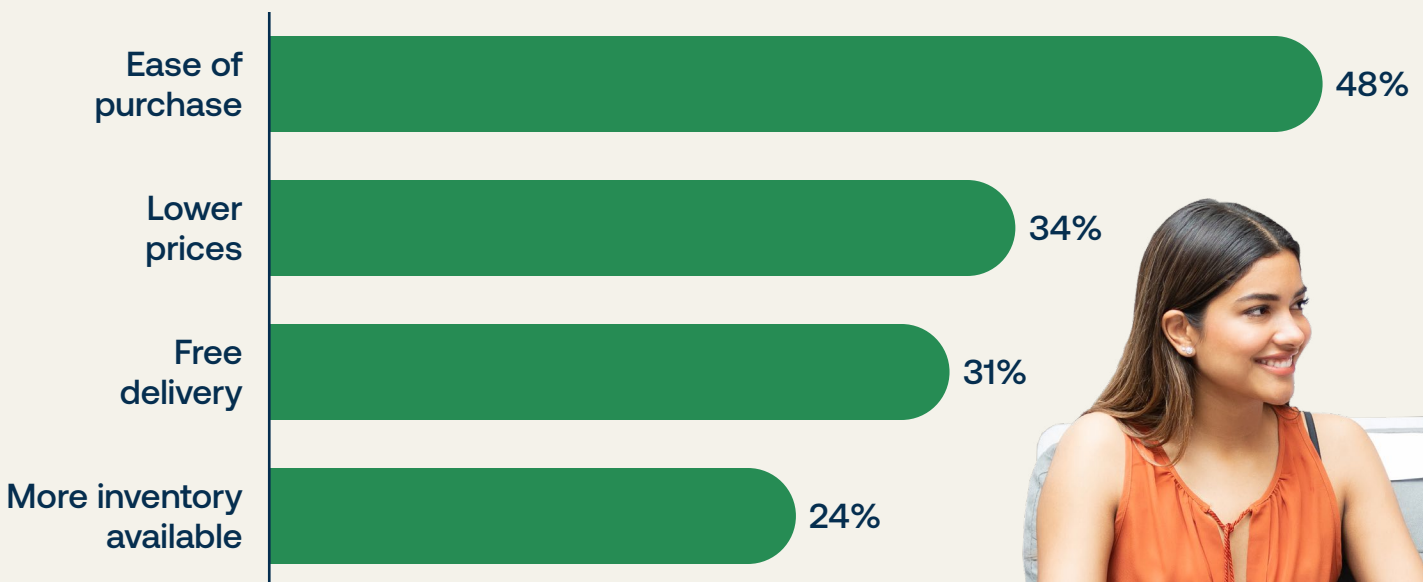
Added convenience. The rise of e-commerce sites and other online options have brought greater ease to the furniture shopping experience. Consumers can browse a wide variety of selections and make a purchase from the comfort of their homes.

Greater variety. Shoppers now have access to thousands of choices, thanks to online shopping. No longer constrained by the square footage of a physical showroom, furniture retailers can showcase more inventory and organize it by style, color, fabric and other variables for added convenience.

Helpful ratings and reviews. Feedback from other buyers provides insights into the quality of the furniture and whether it will meet their needs. Ratings and reviews also help determine the quality of the furniture in question and whether a retailer is reputable, including how they handle returns, exchanges, and warranty claims.

More competitive pricing. Not only can shoppers compare prices for the same piece of furniture on multiple sites, they can also look for deals on similar merchandise. In addition, shoppers can easily see how changing fabrics and finishes can impact price.

Why people buy furniture online

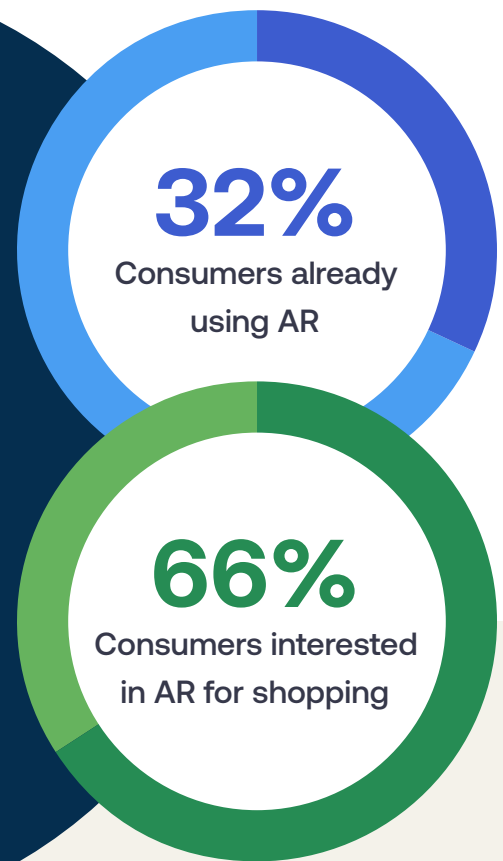


Source: Statista⁸

How augmented reality enhances furniture shopping

With augmented reality (AR), shoppers can overlay a virtual object, such as sofa or table, into their homes to see how it looks before making a purchase. Shoppers also use AR to visualize how a piece of furniture would look with different fabrics, finishes, or colors.

Nearly a third of consumers are using AR today, and 66% of consumers are interested in using AR to help them make better, more informed purchasing decisions.⁹ Depending on the technology, consumers can use AR to interact with the product, rotate it, and even walk around it. IKEA's newest technology, for example, lets shoppers build a 3D replica of a room and then delete existing furniture before adding new pieces.¹⁰



Source: Fixtuur⁹

Shoppers love AR, but furniture retailers should, too. Not only is seeing how a piece of furniture will look in a room engaging for consumers, it can also reduce the number of returns. Because AR gives consumers a better sense of style, fit, dimension, and texture, they're less likely to return an item.

According to a Harvard Business Review study, the likelihood of shoppers making a purchase during an AR session was 19.8%

higher than customers who did not use AR.¹¹ Among shoppers using AR, 80% feel more confident in their purchases and 66% say they're less likely to return a product after using the technology.¹²

AR and other technologies are making furniture shopping more convenient and personalized. As new technologies emerge, expect new innovations to further transform the furniture shopping experience.

Understanding the impact of today's volatile housing market

When people buy a new home, one of their first priorities is filling it with new furniture. That's why sales of home furnishings often rise and fall with the housing market. And it's been a bumpy ride of late.

The housing market is still feeling the effects of the pandemic, which caused many people to re-evaluate where and how they lived. High demand, low mortgage rates, reduced construction activity, and reluctant

sellers fueled demand and pushed prices higher. A booming housing market led to a corresponding surge in furniture and home furnishing sales, which were up 8.1% in 2020¹³ and 20.8% year-over-year in 2021.¹⁴

But in 2023, a cooling housing market, combined with inflation, supply chain issues, and rising interest rates, are expected to also cool furniture sales. Furniture Today predicts just a 1% year-over-year increase for furniture store sales in 2023.¹⁵



21% of furniture retailers believe the housing market will be their greatest challenge in 2023⁶

Millennials and the housing market

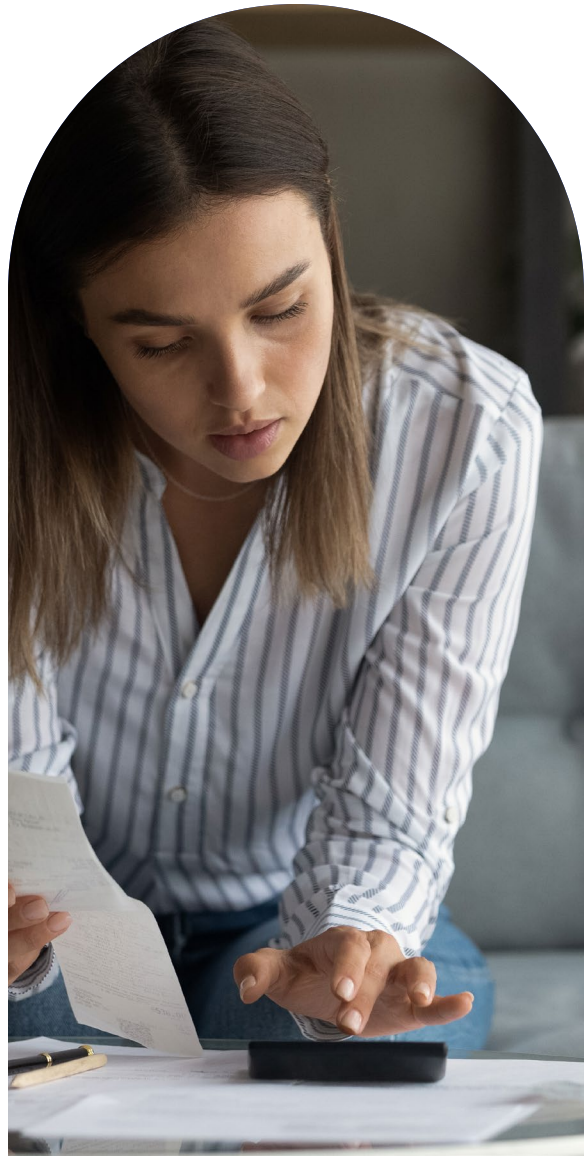
Compared with previous generations, millennials (those born between 1981 and 1996) are having a harder time becoming homeowners. Many cite high student debt loads and economic factors, including home prices that are outpacing wages and the fallout from coming of age in the Great Recession, as reasons for the lag in home ownership.¹⁶

As a result, millennials make up the largest generation of renters.¹⁸ They may not have as much space to furnish or be interested in investing in furniture for the long term, including large, expensive pieces and high-end brands. Instead, they may be looking for more affordable furniture and pieces that serve multiple functions for small spaces.

And for millennials who have bought a home, keep in mind that most have paid historically high prices, leaving little disposable income to spend on furniture and other items for their home. They may delay buying furniture or start with the basics, such as places to eat and sleep.

But most will still need furniture for their home, making affordability especially important for this generation. Many may opt for less expensive, disposable furniture options rather than investing in quality pieces that will stand the test of time.

At age 40, only 62% of millennials owned their home in 2022, compared to 69% of boomers when they were the same age.¹⁷



Staying in your home

A major reason for the housing crunch is a lack of inventory, caused in large part by homeowners who simply aren't selling. Rising interest rates make it more expensive to sell a home and purchase a new one. If a homeowner has a low interest rate on their current mortgage, they'll likely be hesitant to get a new home – with a new mortgage – at a higher rate. And with limited inventory, many are hesitant to sell without a clear option for a new home to move into.

What does that mean for furniture retailers?

Homeowners may choose to refresh their spaces with new furniture and décor updates, becoming more invested in home projects, renovations, and upgrading existing furniture.



Three strategies to market to homeowners looking to update their spaces

- 1 Offer personalized recommendations and product suggestions. Consider using surveys or quizzes to help these customers define their taste and narrow their options.
- 2 Consider financing options to make it easier for your customers to purchase higher-end or custom furniture.
- 3 Provide in-depth product information, world-class customer service, and delivery and assembly services that differentiate your business from the competition.

4

Adapting to Gen Z's furniture shopping and style preferences

Just when we think we have millennials figured out, here comes Generation Z. Born between 1997 and 2012, this generation currently accounts for just over 20% of the U.S. population and 9% of first-time home purchase applications.²⁰ And many are using their \$360 billion in disposable income to make their spaces their own.

But because of their unique experiences and perspectives, they simply think differently about their homes and furniture. Here are a few of those differences.

Gen Z already accounts for more than 15% of furniture purchases²²



Sustainability. Gen Zers want their homes to reflect their values, including their passion for environmental issues. Compared with older generations, they're more likely to choose eco-friendly and sustainable home furnishings that have minimal impact on the environment. Not only do options such as recycled goods, vintage pieces, or natural materials help prevent landfill waste, they also create the one-of-a-kind look many members of Gen Z desire.

Multifunctional spaces. Because many members of Gen Z are living in smaller apartments or shared living arrangements, furniture that can be easily rearranged and repurposed for different uses is especially appealing to them. This includes modular and multifunctional pieces that can be easily adapted for different needs, such as a coffee table that converts into a dining table or an ottoman that opens for extra storage.

Individuality. Although we all want homes that reflect our unique styles, Gen Zers especially crave individuality and self-expression. That may lead them to choose customized furniture or pieces that can easily and creatively be reimagined or rearranged.

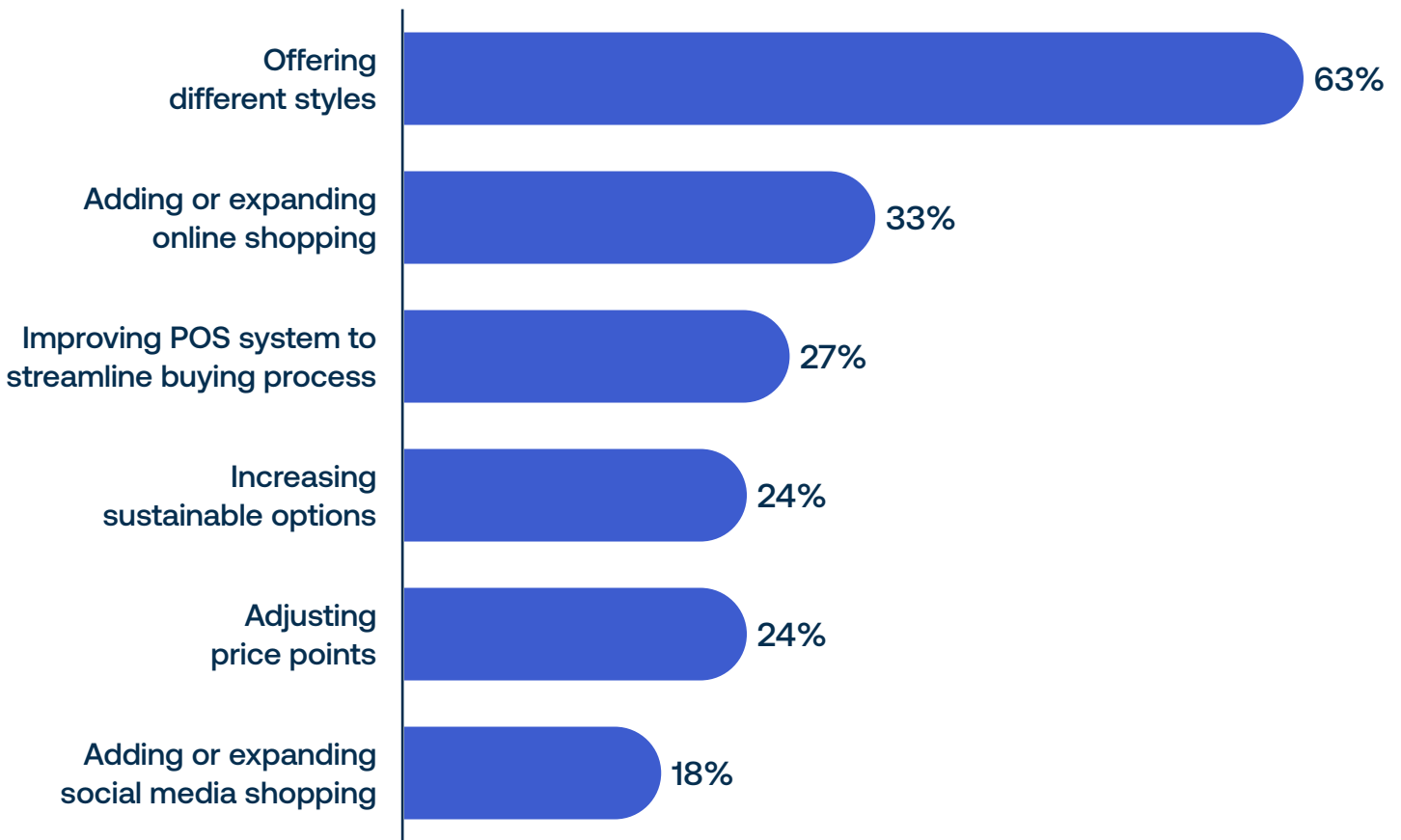
Marketing to Gen Z

What motivates this generation to buy? Gen Z trusts creators and influencers on social media, often turning to them for style and shopping recommendations. As a result, many furniture retailers are increasing their social media and online advertising campaigns, according to Furniture Today.²²

A recent Furniture Today survey of home furnishings retailers found many are taking important steps to reach the next generation.



How furniture retailers are reaching the Gen Z shopper



Source: Furniture Today²²

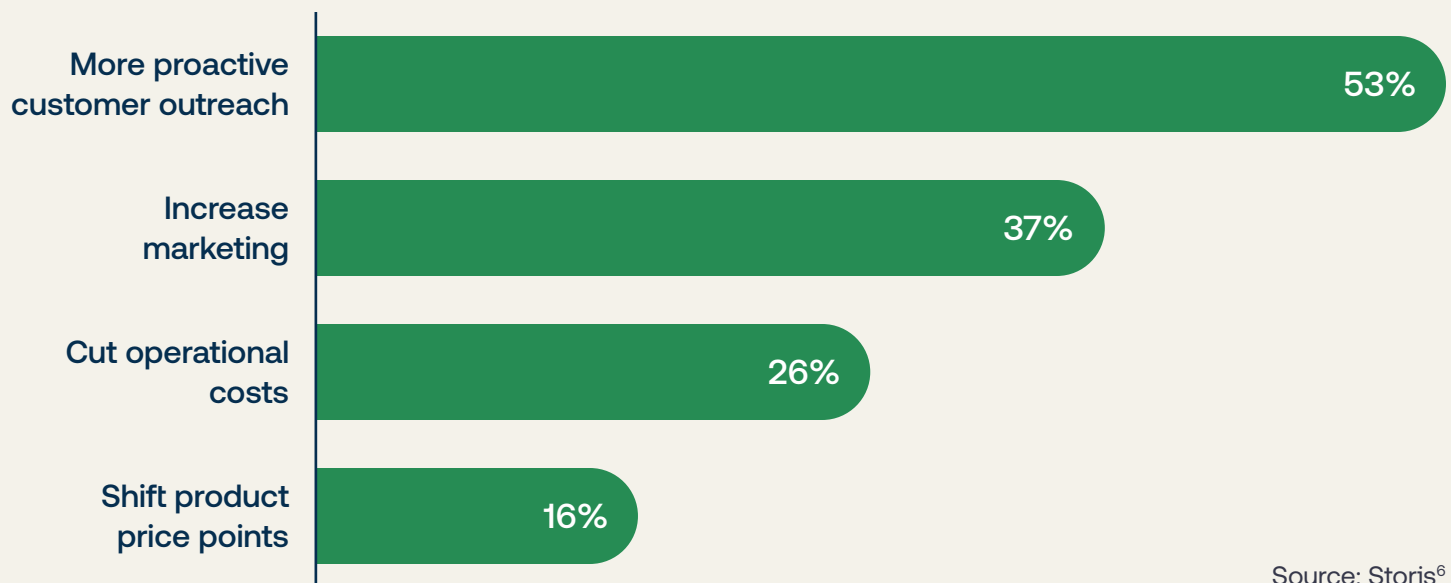
Ready to transform your furniture business?

Today's furniture retailers need to be agile and adaptable to navigate evolving shopping habits, preferences, and behaviors. E-commerce has revolutionized the industry, giving a leg up to retailers that offer a strong online presence and multiple ways to shop. At the same time, retailers must keep an eye on the current economy, generational differences, and emerging technologies that are shaping the industry.

That's a tall order. But understanding the changing ways people shop – and creating marketing and sales strategies that meet their changing shopping patterns, preferences, and expectations – will help you grow your business in this evolving market.



Furniture retailers' top strategies for 2023



Source: Storis⁶

About Snap Finance

Founded in 2012, Snap Finance helps customers get what they need through thousands of U.S. merchants. Snap-branded solutions include lending and lease-to-own financing solutions to help you grow your business and attract new customers. Snap's proprietary, machine learning-based decision-making technology brings modern payment options to consumers who may not qualify for traditional financing.*

For more information, visit [Snap Finance](#).

Snap-branded product offering includes retail installment contracts, bank installment loans, and lease-to-own financing. Talk with your local Snap sales representative for more details on which product qualifies at your store location. For more detailed information, please visit <https://snapfinance.com/legal/financing-options>

*While no credit history is required, Snap obtains information from consumer reporting agencies in connection with submitted applications. Not all applicants are approved.

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