

Unified Commerce for Home Furnishing

A 2024 Trend Report



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Welcome to Unified Commerce for Home Furnishings: A 2024 Trend Report

The home furnishing industry has undergone a volatile few years, riding the high of pandemic purchasing in 2020/2021, and the lows of constant challenges and uncertainty in 2022. As we enter a new year, there is hope for a more stable year ahead, promising predictability and managed growth.



Though 2022 had its challenges, the home furnishings industry thrived. This past April, industry sales hit a 20-year high. From April 2021 to April 2022, U.S. consumers [spent](#) over \$12.2 billion on home furnishings. At the same time, the industry continues to grapple with evolving consumer habits and economic challenges. Rising inflation, ongoing supply chain issues and a fluctuating housing market are creating an uncertain environment for home furnishings companies.

As home retailers look to the future, meeting the demands of the omnichannel consumer will be essential. The pandemic accelerated ecommerce and the rise of the digital-first shopper. Although [53% of furniture shoppers](#) still prefer to shop in stores, consumers are turning to online channels for inspiration and product research.

The omnichannel shopper presents new challenges for the furniture industry. Today, consumers expect a fast, personalized and seamless experience across all channels. At the same time, the rise of new digital channels—such as the metaverse—is creating opportunities for customer engagement and brand loyalty.

At [Salesfloor](#), we recognize the new challenges home furnishings brands face due to the growing demand for a unified commerce world. Our signature offering is in providing retailers the digital tools and training to

connect with customers for better service, leading to increased conversion and retention rates. We believe that value is an exchange: give value, grow value. Our unique tools are central to cultivating loyal and satisfied customer segments, ones that will remain resilient to the strong and ever-shifting currents of ecommerce — be it a global pandemic, inflation or a recession.

Salesfloor is a customer engagement platform designed with enterprise home furnishings brands in mind. It is the only platform on the market that unifies virtual shopping, clienteling, and AI assisted selling — driving sales and Total Experience with proven ROI. Salesfloor's mission is to revolutionize the retail sales and service experience by fusing the human connection with the power of AI.

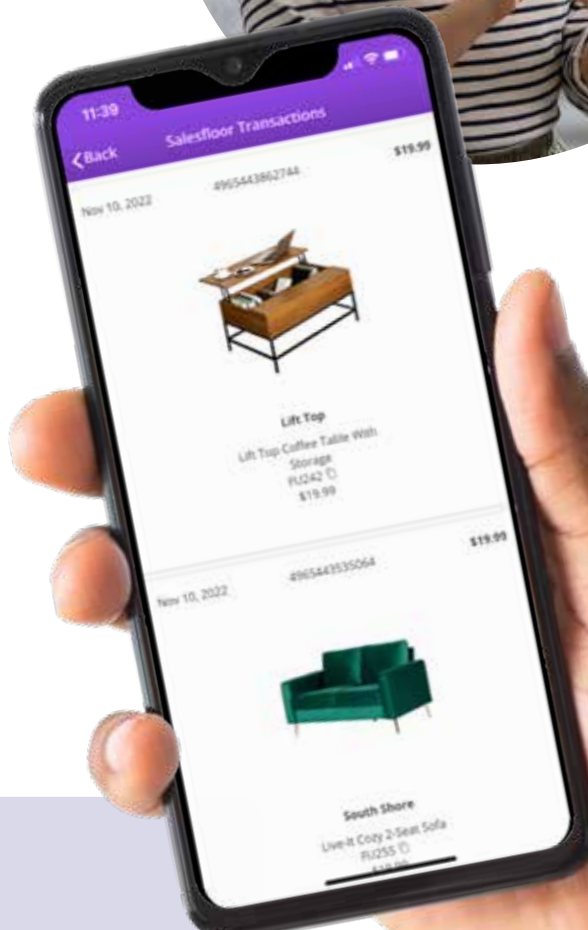
We are committed to helping our customers in the home furnishings industry achieve long-term, sustainable growth. We want to help our customers stay one step ahead of the competition by utilizing those who know the industry best — your in-store associates. Ultimately, we hope this trend report helps you look ahead at opportunities for growth, and we look forward to speaking with you on implementing a customer engagement platform that will delight your customers, and build loyalty for years to come.

What to **Expect** from the Home Furnishings Industry in 2024

If there is one constant in the home furnishings industry, it's change. The world, and therefore the consumer, are constantly altering at a rapid pace. By being adaptable and quick to embrace change, home furnishing retailers can stay one step ahead of the competition. And nothing proved this to be true like the pandemic.

In 2020 and 2021, retailers that were able to stay flexible and adopt new technologies ended up on top with higher sales. As the markets continue to transition through different challenges, like supply chain, inflation, and a potential recession on the horizon, now is the time to embrace the changing tides and be prepared to meet customers where they're at—regardless of channel.

In 2022, the home furnishings industry displayed major resiliency and welcomed shoppers back to in-store shopping, while continuing to expand their online sales. Currently, worldwide online revenue for furniture and appliances is \$415B. By 2025, it's projected to hit a whopping \$455.4B. While year-over-year growth is predicted to slow a little following the pandemic boom, steady growth is also expected when it comes to ecommerce with the share of online home furnishing purchases continuing to rise, inching up into the 30% mark from 2023 and onwards.



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2022

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While many retailers were forced to adapt to customer expectations that accelerated out of necessity, Forrester found that “customers will want more than 1/2 of pandemic-era services to become the “new normal.” In alignment with consumer changes, 43% of home furnishings retailers [cited](#) ecommerce growth as their biggest opportunity in 2022 and further into 2024. Therefore, it will continue to be more important than ever to implement a strong unified commerce experience in order to meet demand, build customer loyalty and provide a seamless shopping experience.

Throughout this report, readers will dive deeper into:

- 2024 Consumer Trends in the Home Furnishings Industry
- A Look Ahead at the Future of the Home Furnishings Industry

This report provides an overview of trends in the home furnishings industry and seeks to identify ways that brands can further refine their business models through innovative digital strategies and practices—now, and into the future.

Trends in the Home Furnishings Industry for 2024 and Beyond



Home furnishings brands who can rapidly keep up with consumer preferences and demands will be ready to convert and keep customers returning for years to come. With an eye on the future, savvy home brands will need to stay relevant and consider the following trends.

1 The Power of Relationship Building

If there is one thing that can drive sales when it comes to home furnishings, it's building strong relationships. While not every customer is going to be in the market for a new couch or dining set, by continually building relationships—you'll be top of mind when it comes time to make a big purchase.

At the enterprise level, eleven brands currently command [55% of the home furnishings market](#). In comparison, only two brands control 40% of the pet industry. Home good's fragmentation speaks directly to lack of brand loyalty and, therefore, rich opportunity for disruption and building strong, lasting relationships.

But beyond where and how you reach customers, it's also important to consider what message will resonate with them. Home purchases often come down to form and function, but also lifestyle needs. While it will range widely from customer to customer, technology can help further build your relationships by reaching out at the right time—with the right message. By implementing a [customer engagement tool](#) or CRM, you can easily track past shopping purchases, oversee cart history, and even in some cases, what social media content they've previously interacted with.

Often those within the North American market don't have the budget available to furnish their entire house at once, so building strong relationships that keep them coming back is vital. With customer data available, it's easy to time your messaging to be in-line with new furniture purchases, or to let customers know when an item they've been eyeing is on sale. By creating a unified customer engagement strategy, you can stay ahead of the competition, while providing a memorable experience.

Store associates, who are ultimately responsible for successful in-store execution, are a key competitive differentiator in all areas of retail, but particularly home furnishings. Underinvestment in associates' digital dexterity inhibits delivery against customers' expectations and breaks relationship trust (Gartner). By leaning into the power of relationship building between associates and customers, you're guaranteeing not only lifelong loyalty, but also retaining high-quality employees in a competitive job market.

2 Communicate with Customers at Every Stage of the Buying Journey

When it comes to making home furnishing purchases, most customers begin their journey with ROPO, which means “Research Online, Purchase Offline,” also known as webrooming. According to Furniture Today, 93% of shoppers expect their online experience to be equal to, if not better than, the in-store experience. In addition, HBR research highlights that 73% of customers use multiple channels during their shopping journey.

Which simply means now more than ever, home furnishings brands that want to be category leaders must be able to communicate with customers at every stage of the buying journey—whether in-store or online.

For furniture brands, optimizing for webrooming behavior is essential. By investing in the research experience, brands drive customer loyalty and average order value.

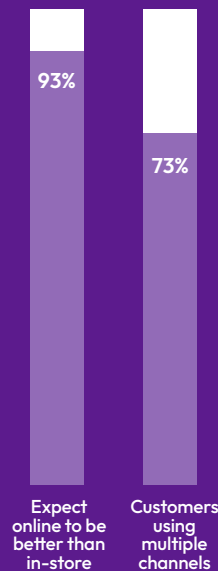
But communicating with customers doesn’t stop there. By utilizing a customer engagement platform, communication can continue long after the customer has left the store—allowing brands to stay top of mind. According to a [Retail TouchPoints](#) survey, when looking at means of engagement for acquiring new home furnishing customers, email outreach was the leading vehicle, cited by 68%, followed by traditional media at 51%. As for newer channels, both paid social and personalized text messages were listed by about one-third (31%) of respondents.



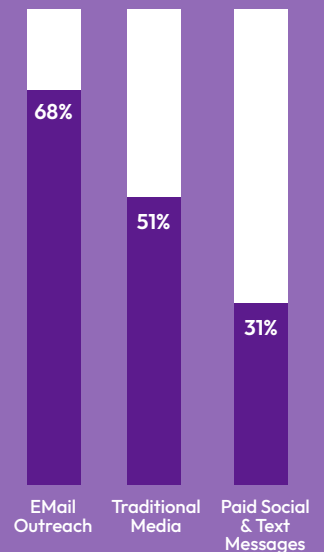
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Research Online, Purchase Offline



Online Customer Communication





Further, Glossy notes that “SMS is twice as effective at converting to sales as the brand’s next best channel: social. Texts reminding customers that they have items still in their cart have a 45% conversion rate,” resulting in a rather substantial ROI. Getting in front of customers and driving sales can be simple, you just need to meet customers where they’re at.

Here are a few ways home furnishing brands are currently supporting ROPO.



Optimize for mobile

Brands must cater their shopping experiences to smartphone users. Ikea uses its RoomPlanner app to help customers redesign their homes. Users can upload floor dimensions, pick products for each room and create a wishlist.



Use video

Lowe’s uses YouTube to inspire and educate customers. The home improvement retailer has over 1.1 million subscribers, offering playlists like “DIY Basics” and “Quick Storage Tips.”



Promote customer reviews and UGC

Today, 55% of consumers interact with [user-generated content](#) before making a purchase. West Elm showcases customers’ Instagram photos for each product with a “Styles in Real Life” section.



Offer bundles

Article uses “Bundles” to drive inspiration and increase average order value. The direct-to-consumer (DTC) home furnishings brand creates ready-to-purchase collections for each room. Consumers receive a discount when they buy multiple items together.



3 Bringing Storytelling to Life

Home furnishing purchases often lean towards pragmatic, but they can also be highly emotional. Home furnishings are the pieces that make up one's home and build their family story—often evoking long-lasting memories. One of the leading marketing trends in home furnishings is leaning into storytelling, whether it be through social media, imagery or direct marketing materials.

Consumers want to “feel” the product before they can actually “feel” the product. Although, feel doesn't necessarily mean touch (Common Tread). Creating a curated mix of storytelling through real customer testimonials, product information, price and promotion can tap into a customer experience that drives the emotional response—making a purchase from a want to a “need.”

It's important for home retailers to recognize that the shopper's journey is no longer linear or sequential. It's now a mix of proactive activities across the entire range of channels and touchpoints, and it may take minutes, hours or even days, but the customer still expects brand consistency and technical interoperability (Gartner). Your brand or further, your storytelling, needs to be consistent across all channels carrying across the in-

store experience, associate interaction, online browsing and even further—through email, text and social.

When it comes to storytelling across all channels there are two important questions to consider:



What prompts your customers to buy?



What value propositions can you convey for each buying stage?

Once those key indicators have been established, it's easier to alter your storytelling to fit a certain need, whether it be price, variety, exclusivity, speed or functionality. Any retailer that hopes to survive and thrive in this new ecommerce environment must implement capabilities that will enable them to deliver the experience the individual customer wants throughout the shopping journey. This means creating value by being truly relevant to customers' lives — and clearly demonstrating that relevance (Gartner).



4 Adopting the Technology of the Future

Home furnishing shopping is a personal experience, requiring three of the five senses, simultaneously — sight, touch, and, in some cases, smell. Increasing conversion rates centers on a variety of tactics that aim to replicate physical elements through onsite merchandising (Storis).

Apps like IKEA Place allows customers to virtually place true-to-scale 3D models in their home to visualize future purchases, promising an exciting future for the use of augmented reality within the home furnishing space. AR technology makes it easier than ever for consumers to visualize products in their spaces. Interior Define found that customers who use its AR tool are [8x more likely to convert](#).

Perhaps the most-promising bridge between the real and digital worlds — between offline retail and online ecommerce — is AI. According to Gartner, by 2025, the top 10 retailers globally will leverage artificial intelligence

(AI) to facilitate prescriptive product recommendations, transactions and forward deployment of inventory for immediate delivery to consumers.

Truthfully, the modern home furnishing shopper has higher expectations than ever before. In a postpandemic world, as customers return to stores and e-commerce growth rates are slowing, retailers will [need to] continue to support online demand through the store via technology. In 2018, Gartner predicted that by 2024, e-commerce will cease to be a differentiator in the retail marketplace. Subsequently, competitive advantage will come through unified commerce, primarily executed in the store. In other words, the digital battle will be fought in the physical realm. Retailers that are too slow to implement critical technology, like AI-led processes to support the business' transition to customer centricity, will not survive (Gartner).

5 Personalization is a Necessity

Gartner states that “one of the critical barriers to meeting customer expectations successfully is the inability to accurately predict customer behavior and demand. This essentially means that you can’t predict what you can’t see. The importance of predicting behavior [and meeting needs through personalization] has increased significantly because of the rapid rise in e-commerce demand.”

Customers expect home furnishings brands to [anticipate their needs](#). Companies must use data to suggest products before customers realize they need them.

Last year, Home Depot partnered with Adobe to enhance its product recommendations. The big-box retailer analyzes consumers’ recent purchases. The company then suggests products they will need to finish their projects.

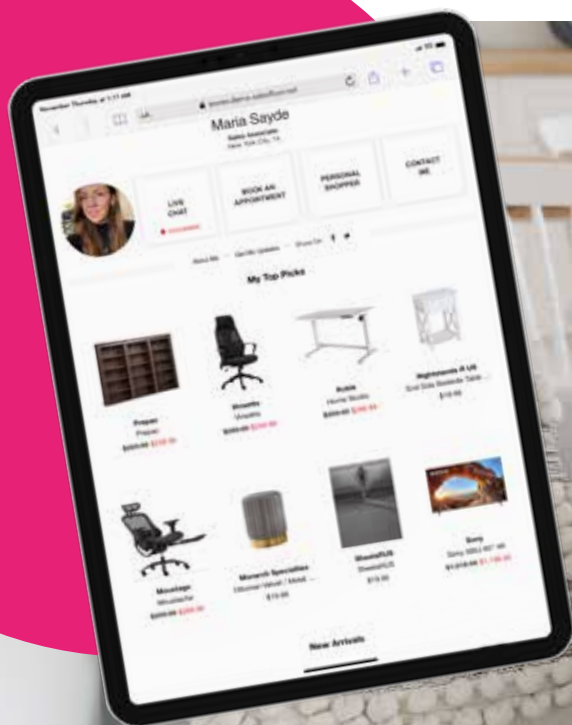
Casper uses a mattress quiz to learn about customers’ lifestyles and sleeping preferences. The brand then suggests mattresses tailored to their lifestyle.

But personalization goes beyond tailored product recommendations. Customers want to be able to customize their furniture to suit their lifestyles—such as fabrics that are suitable for homes with young children or pets.

From smart closets to modular magnetic storage, customizable and tech-enabled furniture is transforming consumers’ homes. DTC brand Floyd offers modular furniture that can grow with customers as their lifestyle changes.

Similarly, Eight Sleep mattresses track your sleep performance, including heart and respiratory rate. As you sleep, its Autopilot feature adjusts the mattress’s temperature to fit your body’s needs. And its Gentle Rise alarm wakes up sleepers at the optimal time.

Personalization is no longer specific only to how you communicate with your customers, but also can include personalizing and altering the product itself.



A Look Ahead at the **Future**

In today's rapidly evolving retail landscape, long-time players in the home furnishings industry can no longer rely on name alone. With new smaller, more boutique brands and direct-to-consumer options at an all time high, differentiation is the key to long-term growth. Adaptation, and prosperity now depends on a brand's ability to quickly adopt innovative technology—building lasting relationships with customers. With the continuing emergence of cutting edge unified commerce platforms, home furnishings remains an exciting and future-looking industry. Yet digital acceleration doesn't mean that the human touch should be lost—brands need to turn to the personalization that in-store associates have always offered—just in a new format.

To achieve this, retailers will need to put the customer's experience first and invest in customer engagement technologies that allow high-touch service to be provided with convenience, ease, and the intelligence that only a robust digital strategy can achieve.

Not least, a deep understanding and appreciation of the employee experience—including adoption of the right platforms and processes to foster growth—will be paramount to seizing new opportunities in the home furnishings space. To truly stand apart and set themselves apart from competitors, brands will require a sound strategy that fuses human experience, personalization, and connectivity with advanced technology. With the right tools in place, both the physical stores and ecommerce can be elevated to drive the creation of premium experiences that continue to inspire, convert, and retain well into 2024 and beyond.

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